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Dramatic heights
Training for airline cabin crews
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Weekend FT
The return of the salmon

World Business Newspaper | FRIDAY FEBRUARY 17 1995 | D8523A

Intel unveils chip with twice power of predecessor

Intel has unveiled a new generation of computer chips with more than twice the processing power of its Pentium microprocessors. The P6 promises a leap in personal computer performance which could enable low-cost home and office systems to handle speech recognition, full-motion video conferencing and image processing within two or three years. Page 21; Hewlitt-Packard delights Wall St, Page 24

OECD says inflation at 30-year low: Consumer prices in the leading industrialised countries last year fell to their lowest level since the OECD started keeping inflation records in 1961. Prices in all of the OECD's 25 member countries, except Turkey, rose at an average of 2.4 per cent.

China bans provincial borrowing: China has banned borrowing overseas by provincial governments to restrain growth in the country's foreign debt, which stands at about $100bn. Page 20

Merrill Lynch wins Israel telecoms race: Israel said US-based investment house Merrill Lynch had won the hotly contested race to lead the global stock offering of 25 per cent of Bezeq, the state-owned telecommunications company. Page 21

AT&T dropped from $5bn project: US telephone company Bell Atlantic has dropped telecommunications operator AT&T from a key role on a $5bn information superhighway project. Page 20

Kleinwort Benson profits down: UK-based investment bank Kleinwort Benson reported pretax profits of $151.6m in 1994 from continuing operations, down 5 per cent in the face of difficult market conditions. Page 21; Lex, Page 20

Forum on European aerospace: British, French and German ministers and industrialists have set up a forum to discuss the future of the European aerospace industry. Page 20

Japan seeks to help US vehicle imports: Japanese officials may survey 1,600 car dealers on their willingness to sell US vehicles in an attempt to break the stalemate over vehicle imports. Page 6

EU questions Turkish human rights: The European Parliament threw further doubt on plans to grant Turkey access to EU markets saying they would not approve a deal unless they heard reports of progress in the human rights area.

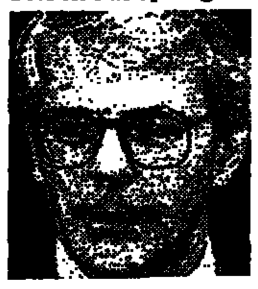
N Korea rejects US demands: North Korea cast further doubt on its nuclear agreement with the US by rejecting a demand from Washington that it resume talks with South Korea. Page 4

No Champagne for YSL: Yves Saint Laurent perfumes will stop selling perfume named "Champagne" by 1999 as part of an agreement to settle a long dispute with France's powerful champagne lobby which wants to to restrict the name to wines grown in the French region. Page 22

Rival bids for Indonesian satellite group: Cable & Wireless of the UK, Deutsche Telekom, France Telecom and Nynex of the US are competing to buy into unlisted Indonesian satellite communications company Satelindo. Page 26

House votes to cut UN funds: The House of Representatives rebuffed US president Bill Clinton's veto threat and agreed to a measure that would slash US contributions to United Nations peacekeeping operations. Page 5

British PM apologises for football riot:



John Major (left), the UK prime minister, apologised to his Irish counterpart John Bruton, for rioting by England football fans in Dublin on Wednesday. Mr Major said the fans "are not the true face of Britain or of British sport". Officials said the prime minister still believed England should host the European football championships in 1996. Page 9

Albright valued at $729m: Albright & Wilson, the chemicals company being floated out of Tenneco of the US, confirmed a flotation price of $2.32 a share, valuing it at $729m. Page 27 and Lex

Japanese deal with Airbus in doubt: A planned deal between Airbus Industrie and Japanese companies to develop a large passenger aircraft now seems unlikely to go ahead. Page 6

Tornado kills five in Alabama: A tornado whipped across northern Alabama, killing at least five people and injuring more than 60, authorities said. High winds tore through the towns of Arab and Joppa, near the Tennessee River.

D-Mark rises as Mexican financial crisis hits dollar

By Philip Gawith and Philip Coggan in London

Worries about the Mexican financial crisis and European political problems yesterday drove the D-Mark higher against the dollar, creating market expectations of co-ordinated central bank intervention to support the US currency.

European currencies were also weaker against the D-Mark, with the Italian lira falling to a record low and the French franc touching its lowest level for 15 months. The Bank of Italy intervened to support the lira and the Bank of Portugal was reported to be buying escudos.

Stock markets reacted badly to the news, and failed to benefit from Tuesday's buoyant trading session on Wall Street when the Dow Jones Industrial Average hit a record high. The Dow retreated yesterday, falling 7.4 points to 3,978.77 in early afternoon trading.

The lira's weakness, provoked by worries over the passage of a mini-budget, drove the Milan stock market down by 2.2 per cent, while in London, the FT-SE 100 Index fell 23.8 points, or 0.8 per cent, to close at 3,051.1.

Mexico stocks down again.....Page 5
Currencies, Page 31; London stocks, Page 36; World stocks, Page 40

The dollar lost nearly two pfennigs on the day, finishing in London at DM1.4914, its lowest level since the Federal Reserve stepped in to support it last November. It was later trading at DM1.4880 in the New York afternoon.

The pound was also weaker against the D-Mark, but gained ground against the dollar to close in London at $1.5767.

With the dollar just above DM1.4860, where the Fed last intervened, markets believe there is a strong likelihood of intervention over the next few days.

Mr Paul Chertkow, head of global currency research at UBS in London, said: "The dollar is on a precipice of a crisis of confidence ... We need clear evidence that the US Treasury is concerned about the dollar."

Worries about Mexico have risen this week following an interest payment default by the Mexican company Grupo Sidex, which created fears that other companies might follow suit. Apparent intervention by the Bank of Mexico to support the peso also led the market to conclude that the Mexican authorities were more concerned about the currency than the country's underlying economic problems.

Mr Guillermo Ortiz, the Mexican finance minister, was due to talk to Mr Robert Rubin, US Treasury secretary, yesterday about the terms of a $20bn credit line for Mexico.

Latin American stock markets were

Continued on Page 20

Yeltsin speech signals tougher line in Kremlin

By Chrystia Freeland in Moscow

President Boris Yeltsin yesterday defended Russia's decision to go to war in Chechnya and denounced Nato's plans to expand into eastern Europe.

His state of the nation address, which liberal presidential aides had hoped would mark a return to political and economic reforms, instead highlighted the triumph of a tougher line in the Kremlin.

Looking pale but stronger than in recent public appearances, Mr Yeltsin made no apologies for Russia's 10-week war in breakaway Chechnya.

However, his statements drew faint applause from parliamentary deputies, who have given him standing ovations in the past.

He insisted Russia had been too soft on the Chechens for too long and was right to use force to bring them back under Moscow's influence.

"The state can and must use the force of authority to preserve its sovereignty, independence and integrity," Mr Yeltsin said.

He described the separatist government of Chechnya as "a criminal dictatorship", and said Moscow was justified in its use of force to rid Russia of "the Grozny tumour", referring to the Chechen capital.

Mr Yeltsin's tough talk extended to European governments and the US, whom he urged not to go ahead with a planned extension of Nato into eastern Europe.

"This continent has already generated two global military catastrophes, and we do not want Europe and the world to return to old or new division lines," he said.

The hardline message to the west and his own people was delivered by a president more firmly in command of his own faculties than some observers

West's policy rejected..Page 2
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had feared. Mr Yeltsin, whose stumbling and slurring at a summit meeting last week renewed concerns about his health, yesterday walked confidently to the podium and delivered his hour-long address clearly.

While he took a strong line with domestic rebels and western counterparts, he offered only lukewarm support for economic reforms.

On one hand, Mr Yeltsin, whose government is still trying to secure a $6.25bn standby loan from the International Monetary Fund, made the appropriate promises to bring down the budget deficit and rein in inflation.

But these pledges were partially undermined by his promise to subsidise agriculture and the defence sector, and his call for protectionist measures to defend Russian producers against foreign competition.

The president's speech was a disappointment for liberals, who had hoped he would use his address, which has been postponed several times over the past month, to distance himself from hardliners and renew his commitment to economic and political reforms.

Mr Yeltsin described the "failures, setbacks and mistakes" in the military operation in Chechnya as "a painful blow to patriotic and civic feelings". However, he did not oust any members of the hardline clique responsible for the campaign.

Moreover, he took a shot at the Russian media – a source of outspoken criticism since the beginning of the Chechen war – insisting that "freedom of the press cannot be transformed into freedom from responsibility".

On the political front, the only source of solace for Russian liberals and those western governments which have been supportive of Mr Yeltsin was his promise to hold scheduled parliamentary elections at the end of this year and a presidential ballot in 1996.

President Boris Yeltsin makes his annual address to Russia's parliament, the Duma, yesterday Picture Reuter

US justice department appeals on Microsoft

By George Graham in Washington

The US Justice Department appealed yesterday against a judge's rejection of its proposed settlement of antitrust charges against Microsoft, the world's largest computer software group.

It said the judge had exceeded his authority.

Ms Janet Reno, the attorney general, said Judge Stanley Sporkin's refusal to approve the consent decree negotiated with Microsoft would damage the Justice Department's efforts to enforce antitrust laws. It would deter other companies from negotiating a consent decree for fear of opening themselves up to questioning on a wide range of unrelated issues.

The proposed settlement would have forced Microsoft to change the terms of software licensing agreements with personal computer makers for use of its MS-Dos and windows PC operating system programs.

Judge Sporkin rejected the Microsoft decree on Tuesday, arguing that it would fail to "effectively pry open to

Continued on Page 20

Lira falls sharply as Dini budget faces opposition

By Robert Graham in Rome

Wavering political support in Italy for a tough mini-budget being prepared by Mr Lamberto Dini's government caused a sharp fall in the lira, which fell to an historic low against the D-Mark yesterday.

Financial analysts said the main reason for the fall to L1,074, compared with L1,063 the previous day, was market fears that Italy would hold an early general election without correcting the country's deteriorating public finances.

The one-month-old government, composed entirely of non-parliamentarians, is seeking to find an extra L20,000bn ($12.4bn) to cover shortfalls in the 1995 budget. Mr Dini, the prime minister, a former director-general of the Bank of Italy, has made clear that taxes will have to rise.

There will almost certainly be increases in the rate of value-added tax on certain items. Income tax may also be affected.

Mr Dini explained the need for sacrifices in seeking a parliamentary vote of confidence for his administration last month. His government survived the vote in the chamber of deputies thanks to the abstention of most of the partners in the former rightwing coalition headed by Mr Silvio Berlusconi, the former prime minister.

But, as details of the budget have leaked out over the past week, Mr Berlusconi's Forza Italia movement in particular has shown increasing hostility to tax increases. That has been accompanied with obstruction in parliament intended to underline Mr Berlusconi's view that elections must be held by June.

Yesterday, Mr Dini received a delegation from Forza Italia to discuss the budget. Afterwards, Forza Italia said there had to be "complete consistency" with the previous government's budgetary policies, implying that the two sides were far apart.

The party of the Democratic Left (PDS) – the most powerful party on the left and a supporter of Mr Dini's appointment – has also begun to worry about its reputation in endorsing an austerity budget.

Against such uncertainty, the PDS and its allies among the centre parties last night called on the government to announce details of the budget measures as soon as possible. But that is unlikely to happen before the middle of next week.

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	3,975.41	(-10.76)
NASDAQ Composite	791.89	(-3.74)
Europe and Far East		
CAC40	1,835.00	(-26.9)
DAX	2,115.72	(-19.32)
FT-SE 100	3,051.1	(-23.8)
Nikkei	17,780.5	(-210.41)

US LUNCHTIME RATES

Federal Funds	6%
3-mth Treas Bills: Yld	5.832%
Long Bond	100$\frac{2}{16}$
Yield	7.572%

OTHER RATES

UK: 3-mo Interbank	6$\frac{3}{4}$%	(6$\frac{13}{32}$%)
UK: 10 yr Gilt	99$\frac{1}{8}$	(99$\frac{7}{16}$)
France: 10 yr OAT	96.53	(96.61)
Germany: 10 yr Bund	99.73	(100.0)
Japan: 10 yr JGB	97.013	(96.921)

NORTH SEA OIL (Argus)

Brent 15-day (Apr)	$16.84	(16.785)

GOLD

New York: Comex		
Apr	$378.8	(378.6)
London:		
Close	$377.1	(376.4)

DOLLAR

New York: lunchtime		
£	1.579	
DM	1.49855	
FFr	5.1815	
SFr	1.2595	
Y	97.465	
London:		
£	1.5761	(1.5635)
DM	1.4914	(1.5084)
FFr	5.1847	(5.2344)
SFr	1.2595	(1.2744)
Y	97.545	(98.405)

STERLING

DM	2.3506	(2.3584)
Tokyo close:	Y 97.85	

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00		
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11		
Belgium	BFr70	Hungary	Ft185	Neth	Fl 4.25	Singapore	S$4.30		
Bulgaria	Lw100.00	Iceland	IKr220	Nigeria	Naira80	Slovak Rp	KSL60		
Cyprus	CC1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00		
Czech Rp	CZK55	Israel	Shk7.90	Oman	OR1.50	Spain	Pta225		
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17		
Egypt	E£5.00	Japan	Y500	Philippines	Pso50	Switz	SFr3.60		
Estonia	EKr 20	Jordan	JD1.50	Poland	Zl 42,000	Syria	S£50.00		
Finland	FM15	Kuwait	Fils.625	Portugal (mainland)	Es230	Tunisia	Din1.500		
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000		
Germany	DM3.60	Lux	LFr70			UAE	Dh12.00		

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Pressure in France to curb power at EU centre

By David Buchan in Paris

The European Union should adopt "wide-ranging" institutional reforms at next year's constitutional conference. The aim should be to give national governments and parliaments a greater say in making decisions of the Union, whose overall competences should not be increased any further.

This is the thrust of a report, published yesterday, by the French National Assembly's 36-strong EU affairs committee. It does not bind France, whose president and government will change soon, but it constitutes the country's opening bid in the 1996 conference.

Approved with a single Socialist abstention, the reports reflects predominant sentiment within the conservatives' parliamentary majority and government whose leader, Mr Edouard Balladur, is favourite to win the presidency in May.

The priority which the report gives to "preserving the inter-governmental character" of EU foreign and security policy, and the complicated rejigging it suggests for the Council of Ministers partly to boost that body's control over the Commission, contrast sharply with last September's call by Germany's governing Christian Democrats for an overtly federal approach, including the evolution of the Commission into "an embryo European government".

To the relief of the UK's Conservative government, the report says it is "not desirable to extend Union competences" beyond what was negotiated at Maastricht in 1991.

At the same, it echoes the German call for some states to be allowed to outpace the rest, particularly in monetary and defence co-operation, but with a very different institutional set-up to that envisaged east of the Rhine. The French parliamentary report proposes that "the European Council", composed of governments heads, should meet in three different formations.

All leaders of all EU states would meet to discuss common policies like the single market or external trade, but a European Monetary Council would be restricted to states participating in monetary union, and a European Security Council similarly confined to those involved in closer military co-operation.

The presidents of these last two councils would act as vice-presidents of the larger European Council, thereby effectively reinforcing the position of countries like France which count on taking part in every available EU policy.

The aim of this is to boost the "inter-governmental" role of the Council, even in the area of economic and monetary union which was designed at Maastricht on the basis of standard Union procedures like majority voting.

The report also suggests demanding that the Commission, legally accountable at present only to the European parliament, should make an annual report of its activities to the Council. In addition, it should be required to come up with proposals at the Council's bidding and have its power to issue certain anti-monopoly directives curbed, particularly in the energy and transport fields.

As for their own influence, French MPs want to increase this by creating "an interparliamentary committee", composed of representatives from national legislatures. This body would advise on, but not amend, draft EU laws.

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Brussels called on to investigate system alleged to breach competition law

French banking practices attacked

By Andrew Jack in Paris

Banks are stepping up pressure on the European Commission to examine a series of French banking practices which they claim breach competition policy.

The Banking Association of the European Union, which represents the 2,500 commercial banks across Europe, has written to the competition directorate in Brussels calling for an official investigation into the system by which only certain French banks can sell some special tax-exempt savings products.

Its action follows similar lobbying from the Association of French Banks, representing the commercial banks in France, which have in turn been engaging in an increasingly public dispute over the last few months with savings and mutual banks which are the only institutions allowed to sell these products.

The argument centres around regulation of the so-called "Livret A" and the less common "Livret bleu" accounts, which are tax-free savings products. The deposits are channelled for use in French government construction of low-income housing.

Individuals can deposit up to FFr100,000 ($19,000) withdrawable on demand into "Livret A" accounts, which currently pay 4.5 per cent interest tax-free. Under existing French legislation, they can only be offered by savings or postal banks.

Separately, only French co-operative banks can offer "livret bleu" accounts, which are similar in form but in which the institution pays the tax charge on one-third of the value of the sum deposited.

The potential profits at stake are substantial, with current deposits in Livret A accounts estimated at FFr640bn, and those in Livret bleu accounts standing at FFr83bn.

A letter obtained by the FT from the European banking association shows that it believes current practices prevent other banks from offering these services, and give an unfair advantage to the savings banks by allowing them to gain customers and cross-sell other services.

It says the regulations "constitute an obstacle to the smooth functioning of the single market" and asks for their their elimination as "distortions which are contrary to the principals underlying the internal market".

Earlier this week the French savings banks argued that broadening the number of institutions able to offer "Livret A" risked jeopardising the funding of low-income housing.

Mr René Barberye, head of the Caisse d'Epargne, said the banks made just 1.2 per cent commission on the collection of the deposits, which only just covered the costs involved.

State sell-off still on Italy's agenda

New government is in theory committed to the privatisation timetable of ex-prime minister Berlusconi, writes **Andrew Hill**

Optimists who held their breath last year waiting for the next step in Italy's ambitious privatisation programme have long since passed away. However, while the government has changed since September, when Mr Silvio Berlusconi, then prime minister, promised to accelerate the pace of state sell-offs, Italy is still in theory committed to the timetable he set.

That means that by the middle of this year, the government should have launched the sale of shares in Enel, the electricity company, and a further part of Stet, the quoted telecommunications holding company. Also jostling for position in the line of privatisation candidates is Eni, the state energy and chemicals group, not to mention a number of banks and financial institutions, shares in which are still owned by the state or by public foundations.

The question is whether the new Italian government of technocrats, which replaced the collapsed Berlusconi coalition last month, can give new life to the programme. One indication could come as early as today, when the cabinet, headed by Mr Lamberto Dini, the prime minister, is expected to finalise plans for a regulatory authority to supervise the electricity sector, a prerequisite for the privatisation of Enel.

The change of government has not had the effect of derailing the sell-offs. Mr Dini has made clear since his opening speech to parliament last month that privatisation is a priority, and he himself provides the most important guarantee of continuity between the Berlusconi government and the new administration. He has kept the treasury portfolio he held under Mr Berlusconi, and with it his seat on the three-man committee of treasury, industry and budget ministers which decides the nuts and bolts of privatisation policy.

He has also chosen ministers with practical experience of the difficult frontier between state and private sector. Mr Rainer Masera, the budget minister, was plucked from his job as managing director of IMI, the banking and financial services group privatised last year, while Professor Alberto Clò, at the industry ministry, is one of the acknowledged Italian experts on the energy industry.

One of the principal problems of the Berlusconi administration was that some members of the coalition seemed to be slowing down or distorting the privatisation process for political ends.

A technocratic administration runs less risk of being hampered by political in-fighting, although the process could be thrown off course if, for example, the Dini government loses the support of the political parties for the austerity budget that is the main plank of its limited programme.

So far, however, the signals on which shares the government should sell first are confusing. The appointment last month of Euromobiliare, the Italian financial group, to work alongside Morgan Stanley on the privatisation of Stet seemed to be an indication that the telecoms group might be first on the block.

Prof Clò, meanwhile, has been pushing for the rapid sale of Enel. He is also looking to revise the original privatisation plan, a delicate political compromise that envisaged splitting the electricity generation activities from transmission and distribution, and selling some of the group's production capacity within three years of flotation. The new industry minister believes Enel should be privatised whole, a solution favoured by Enel management and unions but attacked by some as anti-competitive.

Mr Dini, on the other hand, appears to favour the rapid privatisation of Eni, which controls the Enichem chemicals group, Snam, the gas producer, and Agip, the petrol company. Eni itself has rarely missed an opportunity in the last six months to show off its improving profitability and financial position.

Writing yesterday in Il Sole 24 Ore, the business daily, Professor Francesco Giavazzi, a senior treasury adviser on privatisation until last year, pointed out that, unlike the telecoms and energy utilities, Eni did not require a complex regulatory structure. Therefore, its sale could not be delayed by parliamentary squabbles.

He also suggested that the best way to reassure financial markets of the government's firmness was to make an "irreversible commitment" to the sale – for example, by declaring to the US Securities and Exchange Commission that Eni shares would be placed in New York.

As Prof Giavazzi puts it in his article: "In the current climate of puzzlement and growing scepticism, a prime ministerial decision to reverse the privatisation calendar and begin immediately with Eni, is the right move to regain the confidence of the markets."


Shevardnadze: warning over 'latter-century Führers'

Cold war victors accused of lacking vision for former east bloc

Shevardnadze rejects west's policy

By Edward Mortimer in London

Mr Eduard Shevardnadze, the Georgian head of state and former Soviet foreign minister, yesterday delivered a bitter indictment of western policy towards the former east bloc states, accusing the west of squandering the fruits of victory in the cold war.

Speaking at Chatham House, headquarters of London's Royal Institute of International Affairs, Mr Shevardnadze said a lack of political vision had left that victory "clearly Pyrrhic and obviously illusory".

"Having saved enormous sums of money upon ending the cold war, the civilised world did not invest those savings in support of democracy and freedom in Russia and the new independent states... The philosophy of a triumphant shopkeeper, wildly exultant after having won a victory against his competitor, has prevailed," he said, with heavy irony.

Mr Shevardnadze added: "As a result, we do not have a global triumph of the values of western democracy, but rather the revelry of petty nationalistic dictatorships that exploit various complexes of small ethnic groups."

As foreign minister of the Soviet Union from 1986 to 1990, Mr Shevardnadze played a leading role in bringing the cold war to an end. He now finds himself trying to pick up the pieces in his native Georgia.

The speech began by his recalling that on a previous visit to London, anti-Soviet demonstrators, unwilling to accept his sincerity, had denied him the pleasure of an evening at the theatre.

"Even though perfect foresight is not particularly characteristic of public opinion," he said, "one should still have been able to detect in the policy of perestroika seeds of the forthcoming epochal changes. On that particular day I fully deserved my ticket to the London theatre. So public opinion does owe me a debt."

Mr Shevardnadze claimed that western political strategists failed even more profoundly to understand the consequences that would flow from the dissolution of the bipolar world. The end of the cold war, an event "equal in scope and significance to the end of World War II", had not been met with a comparable strategic response. "All of this sounds abstract," said Mr Shevardnadze, "until you have seen it with your own eyes".

He said he had himself seen "a year-old baby who had been skinned alive" among other "horrors and nightmares of an enraged aggressive separatism no less ghastly than the brutalities of Hitler".

"Before your very eyes," he went on, "both big and small-time latter-century Führers shamelessly and blatantly exploit the idea of national independence in their own interest, committing ethnic cleansing and forced deportations... How then can liberals and democrats yet bow to it?"

The liberals and democrats gathered in Chatham House applauded warmly. They did not answer Mr Shevardnadze's rhetorical question.

Belgium must reduce debt to join Emu

By Lionel Barber in Brussels

Belgium must adopt fresh austerity measures to reduce its national debt in order to join the planned single European currency, according to the Belgian National Bank's annual report published today.

In a blunt warning to the coalition government which faces a general election this year, the Bank says that reducing the debt, the highest in the EU in terms of gross domestic product, is the most important task of the next few years.

However, it suggests that "clear" progress toward strengthening public finances could allow Belgium to qualify for Emu by 1997, particularly in the light of the country's low inflation and a healthy current account surplus.

Belgium views itself as a member the "hard core" including France, Germany, the Netherlands, Austria and Luxembourg which is likely to form a monetary union before the end of the century.

But its strong currency and net creditor position to foreign countries are overshadowed by its debt, amounting to more than BFr9,000bn ($292bn) in 1994. The debt ratio to GDP is more than double the 60 per cent Maastricht target for countries wishing to join Emu.

The report makes clear that the authorities are counting on hitting the Maastricht's annual budget deficit target of 3 per cent of GDP to deflect criticism of its long-term debt. Strict budget policies and higher-than-expected nominal economic growth in 1994 enabled Belgium to reduce its debt ratio in 1994 to 136 per cent of GDP, down from nearly 138 per cent in 1993, according to the report. The Bank says Belgium aims to cut the budget deficit to 4.3 per cent of GDP this year from 5.4 per cent of GDP in 1994, an improvement on the original goal of 5.7 per cent.

However, the central bank repeats a warning by the Organisation of Economic Co-operation Development and the European Commission that without further austerity, the budget deficit is likely to be 4 per cent of GDP in 1996.

The National Bank forecasts growth in 1995 of between 2.7 per cent and 3 per cent in 1995 after a 2.3 per cent expansion in 1994. It also suggests that Belgium's competitive position is improving.

Mr Herman van Rompuy, Belgium's budget minister, took issue with the Bank's assessment of the 1994 budget deficit, saying it failed to take into account the proceeds from sales of a 20 per cent stake in Belgacom, the state telephone company. This cut the actual 1994 deficit to 5.1 per cent.

Nato prepares its plan of advance

Bernard Gray on how the alliance is to expand without threatening reform in Russia

In southern Bohemia this week the crackle of small arms fire and the crump of rocket-propelled grenades echoed through the wooded hills. Some of the bursts of firing came from Czech armed forces, the rest from British Royal Marines. Anyone who had been asleep for the past decade would assume that they were firing at each other in a confrontation along the Iron Curtain. In fact, they were training together on a joint exercise designed to help the two forces work together.

It is just the latest example of co-operation between Nato countries and ex-Warsaw Pact forces in the Partnership for Peace, a programme designed fill the power vacuum in central and eastern Europe created by the collapse of the Warsaw Pact. Now Nato looks prepared to go further, and negotiations over full membership of the alliance may start next year. If they succeed, countries in central Europe could be covered by Nato's nuclear deterrent guarantees before the end of the decade.

"Nato will enlarge, it is only a matter of timing," said Mr Malcolm Rifkind, the British defence secretary, on a visit to central Europe this week. But negotiations over the eastwards expansion of Nato will be delicate. Expansion has wide implications for the alliance, and while Nato is keen to anchor central European countries in the west, it also worries about undermining Russia's reform process if it is seen to be expanding aggressively.

The implications for the operation of Nato are being studied, and a report should be finished by the summer. It will tackle some ticklish issues, including whether nuclear weapons should be based in new member countries; how much new infrastructure should be built to increase Nato's ability to defend central Europe; whether forces should be moved further east; and whether, for example, German soldiers could be based on Polish soil given the bitter legacy of the second world war.

That report will probably be debated at the Nato defence ministers' summit in Williamsburg in the autumn. The US as a strong advocate of enlargement, will try hard to persuade those who have been more cautious, including the German foreign ministry and the British, that the time has come to move. The early signs are that they will succeed.

To soothe the Russian fears, there is likely to be a parallel series of talks over how the relationship between Nato and Russia can be improved. Nato membership for Russia has been ruled out, but a formal treaty to cement a positive relationship is being considered. "A treaty could be useful," said one senior US Nato general recently. "But it does depend on what type of treaty. It could simply be a meaningless piece of paper which sits in a drawer or it could really help lower tension. We will have to consider carefully whether we can design something which would work."

Between the group of potential Nato members – Poland, the Czech Republic, Slovakia and Hungary – and Russia, there is another band of countries which are currently out in the cold. The Baltic states and Ukraine lie uneasily in no-man's land and Mr Rifkind, for one, believes that a third track of negotiations is needed to give them more security short of Nato membership.

Not all those vying for Nato membership are likely to join at the same time. The Czech Republic is seen as having made the most progress in reforming its structure and doctrine, while US public opinion may well require Poland to be among the first entrants. Both, however, will need to overhaul their command and communications systems and entrench their armed forces under genuine civilian control. Nato can work with countries which use Russian tanks and aircraft, but it needs to be able to communicate with them effectively and it can hardly afford to recruit a new member which undergoes a military coup in fairly short order.

Such reforms will be difficult, and the progress of change in Russia will be watched carefully by nervous Nato ministers. Yet if the current emerging consensus holds, Nato may get its first new members some time between 1998 and the turn of the century, and British troops may end up stationed in southern Bohemia for good.

EUROPEAN NEWS DIGEST

Ferries face stricter safety

Ferry companies operating roll-on roll-off passenger services in the European Union will be forced to adopt a strict safety code, if a ministers approve a new plan agreed yesterday by the European Commission. "Tragedies such as that of the Estonia and the Herald of Free Enterprise cannot be allowed to happen again," said Mr Neil Kinnock, transport commissioner. The Estonia sinking, the worst ferry disaster in Europe this century, came seven and a half years after the Herald of Free Enterprise capsized as it sailed out of the Belgian port of Zeebrugge.

The Commission proposal would mean the 15 EU countries would sign up to the International Safety Management Code, drawn up by the International Maritime Organisation, two years earlier than other countries. A Commission spokeswoman said the plan did not propose technical changes to ships such as fitting extra bulkheads, but intended to make sure crews were equipped to prevent and deal with accidents. *Reuter, Brussels*

Move to avert German strikes

German engineering employers will meet today to decide their response to the decision by the IG Metall union to call a strike ballot in support of its claim for a 6 per cent pay increase. Since approval for industrial action is considered certain, the employers are expected to discuss ways of tempting the union back to the negotiating table without softening their line that pay rises must be offset by cost reductions elsewhere.

If it fails, the industry may face its first official strikes in 10 years at a time when order books are full and when many factories are running at optimal capacity. According to IG Metall's latest ultimatum, the employers have until Sunday night to come up with a proposal acceptable as a starting point to the union. *Christopher Parkes, Frankfurt*

Anti-missile project planned

Germany, France and Italy are to co-operate with the US to produce medium-range anti-ballistic missile defences. The project is to design an anti-missile missile capable of defending hardened points such as military installations. A letter of intent may be signed next week to start the project, which will form part of the wider missile defence programme in the US.

In Europe, it is the first step on co-operation to develop the expensive and complex technologies required to destroy incoming missiles similar to the Scuds used by Iraq in the Gulf War. France has been worried about the proliferation of missile technologies through North Africa for some time, but a recent report said that even a limited defence to protect selected point targets in France could cost $37bn. The new co-operative industrial development programme will be split equally between Europe and the US, with an initial feasibility and costing study starting after the letter of intent has been signed. In a separate study, the UK government has commissioned a feasibility study on ballistic missile defences from British Aerospace. *Bernard Gray, Defence Correspondent*

Telekom to open Internet door

Deutsche Telekom said yesterday it would make important changes to its online computer service which would give millions of Germans access to the Internet, the network of computers used by around 30m people worldwide. The German state-owned carrier has developed new software, based on Microsoft's MS Windows, called Telekom Online and will replace the existing but much slower Datex-J package.

Mr Horst Gellert, a Deutsche Telekom board member, said the new service would be made available to the 700,000 Datex-J subscribers, hoisting them on to the Internet and offering them a host of computer services from tele banking to newspapers on computer screens. Mr Gellert said he hoped that in three years time around 4m people would be using online services in Germany. *Michael Lindemann, Bonn*

Ukraine-IMF deal imminent

Ukraine expects to conclude a $1.3bn stand-by agreement with the International Monetary Fund within a week, government and western officials said. Ukraine, whose real GDP shrank 40 per cent last year, needs the stand-by agreement to release other western aid.

Mr Roman Shpek, economics minister, said Ukraine had put together a budget that met the deficit target of 5 per cent of GDP. Since the country lacks credibility to cover the shortfall by treasury bills, the IMF has agreed the deficit will be covered by monetary emissions of 4 per cent of GDP this year. Under the IMF timetable, inflation will fall from over 40 per cent this month to 5 per cent by late spring and to 1 per cent by year's end, according to Mr Shpek. *Matthew Kaminski, Kiev*

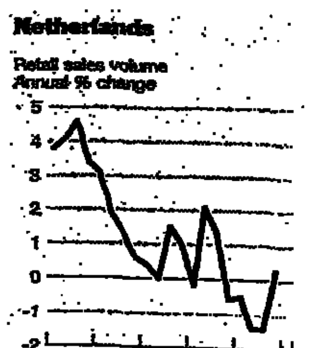
Mexican precedent for Ukraine, Page 19

MEPs move on Slovak N-plant

The European Parliament yesterday passed a resolution calling on west European lenders to freeze funding for Slovakia's Mochovce nuclear power station until safety questions are answered. Funding to complete the partly built plant, from bodies such as the European Bank for Reconstruction and Development (EBRD), should be blocked "until the safety issues have been satisfactorily resolved", MEPs said. They questioned whether the funds earmarked for the plant, near the Austrian border, would be sufficient to meet western safety standards. They said the EBRD should release full details of economic, environmental and safety studies relating to the project. Austrian Chancellor Franz Vranitzky said yesterday that his country would step up its diplomatic efforts against the plant which Vienna believes will never reach western safety standards and is not the cheapest solution for Slovakia's energy problems. *Eric Frey, Vienna, and Reuter*

ECONOMIC WATCH

Netherlands retail sales weak



Dutch retail sales edged lower a real 0.3 per cent last year but were up 0.7 per cent in nominal terms from a year ago, continuing a four-year trend of weak or negative growth, the government said yesterday. However, the final quarter saw the trend improving slightly with nominal sales rising 1.1 per cent and price-adjusted sales up a narrow 0.3 per cent year-on-year. Central Bureau for Statistics data also showed nominal sales in December rising 2 per cent from a year earlier. That gain was due in part to 0.5 per cent higher prices, but adjusted for price increases, retail sales were up a real 1.4 per cent from a year earlier. *AP-DJ, Amsterdam*

■ West German gross domestic product rose nearly 1 per cent in the fourth quarter of 1994 over the previous quarter, the Bundesbank said. It put the rise for the whole year at 2.5 per cent, slightly more than the 2.3 per cent estimated by the federal statistics office.

■ Producer prices of French semi-finished goods rose by a seasonally adjusted 2.7 per cent in the fourth quarter from the previous three months. The rise, the strongest quarterly increase since 1985, was mainly caused by increases in world commodity prices.

■ Denmark's state budget deficit for 1994 was DKr43.1bn ($7bn), or 4.5 per cent of gross domestic product, DKr12.8bn lower than originally forecast, the finance ministry said. The 1993 deficit was DKr48.4bn; this year's is estimated at DKr40bn.

Kohl offers deal on coal and N-policy

By Judy Dempsey in Berlin

Mr Helmut Kohl, the German chancellor, has offered the opposition Social Democrats a deal to solve the impasse over the country's energy policy which seems set to place the SPD in a dilemma.

Mr Kohl will agree to subsidise the country's uncompetitive coal industry until the end of the century provided the opposition Social Democrats accept an energy policy embracing a commitment to nuclear power, government and SPD officials confirmed yesterday.

Mr Kohl "is very anxious to get agreement on a long-term energy strategy", a spokesman for his office said. But a spokeswoman for the SPD said: "This is not on, we won't accept this."

The politically astute trade-off by Mr Kohl is likely to highlight divisions within the SPD about its attitude towards nuclear energy. In 1986, the party committed itself to phasing out nuclear power stations within 10 years if it was returned to power.

It also places the SPD in a politically sensitive corner. It cannot afford to completely reject the proposal: it faces re-election next May in the state of North-Rhine/Westphalia, one of the main mining regions.

The trade-off follows the collapse of talks in Mr Kohl's coalition government earlier this week on a replacement for the *Kohlepfennig*, or coal penny, which must end this year after the country's highest court last December deemed the levy unconstitutional.

The *Kohlepfennig* is an 8.5 per cent levy imposed on industrial and domestic electricity consumers to subsidise German coal production. The annual DM7.5bn ($4.9bn) raised by this surcharge is supposed to protect German coal producers. A tonne of imported coal costs DM80, compared with a tonne of German coal which costs DM270.

Mr Kohl's own Christian Democratic Union (CDU) is very much divided on whether to introduce an energy tax or to raise the new financing for coal from the budget. The Christian Social Union, the CDU's Bavarian sister party, and the Free Democrats, the junior coalition partner, are opposed to any energy tax.

Despite the failure of the government talks on the future of coal, the government has agreed to restart new cross-party discussions next month to achieve consensus on energy policy. The aim of these crucial talks is to adopt a long-term energy strategy, based on an "energy mix" for the country's coal, nuclear and gas industry. The CDU, and particularly Mr Kohl, supports nuclear energy.

Bonn wins battle over nuclear waste

By Haig Simonian, Environment Correspondent

When an immovable object meets an unstoppable force, the result is often explosive. Yesterday, however, the conflagration between Mrs Angela Merkel, Germany's redoubtable environment minister, and Ms Monika Griefahn, her fiery opposite number in the state of Lower Saxony, was finally quenched when the state authorities doused the flames.

The flash point was a 116-tonne steel container sitting in a railway siding at the Philippsburg nuclear power station in southern Germany.

Following a change in nuclear legislation last year, the contents – spent uranium fuel rods – no longer have to be sent for reprocessing abroad, but can be stored permanently in Germany instead.

Storage has gained appeal –because low uranium prices have upset the economics of reprocessing – despite concerns over proliferation and the environment.

Germany's electricity generators lobbied to be given the right to store their waste. Within a short time of the legal change being passed, two utilities cancelled reprocessing contracts with British Nuclear Fuels to take advantage of the new rules. But while the legislation may have been altered, matters on the ground have not. The Philippsburg container should have been the first of many to travel from a nuclear power plant to the long-term storage facility at Gorleben in Lower Saxony.

Although a court temporarily blocked a planned transfer last November, it ruled in January that it could go ahead. The container, however, has remained immobile.

Gorleben houses two separate units. The first, a medium-term storage facility, is owned and operated by the electricity utilities. This is running, but remains empty pending the first waste shipments.

A stone's throw away is a windswept building site run by the federal government where two 11 metre-wide shafts are being blasted into the salt deposits below. The complex, eight years behind schedule, will be Germany's first permanent storage site for high-level nuclear waste.

Eventually, it will house all residues not sent abroad for reprocessing, along with German waste from foreign reprocessing plants which the utilities are contractually bound to take back once Gorleben is ready.

However, the Lower Saxony government has done its utmost to prevent the waste ever arriving. The Social Democratic state government, like the SPD nationally, wants to close Germany's atomic facilities. The Christian Democratic federal government, by contrast, supports Gorleben and the broader nuclear programme. Hence the Philippsburg container has become a proxy for a wider dispute.

In recent months, the Lower Saxony government, led by Ms Griefahn, a former member of Greenpeace's international board, exploited a textbook-full of legal loopholes to delay the shipment. Tactics varied from blocking transport authorisation to questioning the integrity of the specially-built container.

The legal moves were reinforced by big demonstrations. After being overrun in 1993, the storage site is now sealed off like a military facility.

Although Lower Saxony has relatively few nuclear power plants, its abundant underground salt formations – which are impervious to water and therefore ideal for long-term storage – has made it Germany's leading nuclear waste area.

Storage or test facilities exist at two other locations. And at Morsleben, just across the river Elbe in the former East Germany, the federal government is using the ex-communist regime's long-term nuclear storage site as an interim waste dump.

Mr Gerhard Schröder, Lower Saxony's premier, feared it was becoming Germany's "nuclear toilet", and argued that other states, such as pro-nuclear Bavaria, should share the burden.

However, that is unpopular, even in Bavaria. Last week, Mrs Merkel floated the idea of creating a second storage facility in the south, but received a frosty reception from the relatively pro-nuclear state governments in both Baden-Württemberg and Bavaria.

"The dispute over the container has turned us into an international laughing stock", says a frustrated Mrs Merkel.

On Tuesday, she stepped up the pressure by threatening legal action against Ms Griefahn if Lower Saxony did not lift its obstacles to the shipment. Constitutional experts say the dispute touches on the wider issue of responsibilities between federal and state administrations.

Yesterday, the state bowed to the pressure and said it would no longer oppose the shipment.

According to an official from the Lower Saxony environment ministry, the state realised its legal tactics had been exhausted.

Portugal's ruling party seeks a winner

The Social Democrat leadership race may deepen splits and hasten an election, writes Peter Wise

Portugal's ruling Social Democrats (PSD) begin a potentially divisive congress today to elect a successor to Mr Aníbal Cavaco Silva, whose decision to withdraw after a decade as party leader and prime minister has undermined their prospects of remaining in power.

President Mário Soares, a Socialist, may resolve to bring forward a general election due in October if a damaging split in the centre-right party ensues from what is expected to be a closely-fought battle for the leadership between Mr Fernando Nogueira, the defence minister, and Mr José Manuel Durão Barroso, the foreign minister.

Contenders: foreign minister José Manuel Durão Barroso and defence minister Fernando Nogueira

The new leader, to be chosen by a secret ballot of 1,500 delegates on Sunday, will take over a party suffering a steady decline in popularity. This is a result of both recession and a worsening reputation – after 15 years in government – for manipulating the public administration and bestowing patronage.

A recent poll suggests that either Mr Nogueira, 44, or Mr Durão Barroso, 38, could lead the PSD to victory over the Socialists, who lack credibility after 10 years in opposition, despite a lead in several opinion surveys. But neither PSD contender can aspire to the authority or popular appeal of Mr Cavaco Silva, whose leadership won the party two overwhelming majorities in 1987 and 1991.

Mr Cavaco Silva, 55, who will remain prime minister but not party leader until the general election, is ostensibly stepping down to make way for a younger generation. But his underlying strategy appears to be to distance himself from his increasingly discredited party before its suffers at the ballot box.

This would enable him to enter the race to succeed Mr Soares as president in 1996 with his stature relatively intact. He refuses to be drawn on a possible presidential candidacy. But both Mr Nogueira and Mr Durão Barroso say they will urge him to stand.

"The prime minister is abandoning the ship before a storm. But he clearly plans to re-embark as a presidential candidate when the weather clears," said a Socialist deputy. Mr Cavaco Silva prefers to portray himself as a tired statesman bowing out with dignity to resume an academic career and devote more time to his family.

He bequeaths his successor the formidable tasks of maintaining the fragile unity of the PSD and convincing voters to give the party a workable majority in parliament. The PSD, whose support ranges from the social-democratic left to the conservative right, has in the past proved notoriously prone to internal disputes when lacking the steadying hand of a strong leader.

Mr Nogueira most strongly represents continuity of Mr Cavaco Silva's policies and is banking on support from the party bureaucracy and provincial members wary of radical change. Mr Durão Barroso, whose opponents will not let him forget his youth as a zealous Maoist, is more popular among urban delegates prepared to risk more audacious modernisation policies.

Potential divisions within the PSD and a threatened loss of authority for Mr Cavaco Silva's government – following the inevitable elevation of one his most important ministers to the party leadership after inflicting defeat on another – will chiefly determine whether Mr Soares calls a snap election. He is also listening to some business leaders who say economic confidence would be better served by an early vote.

Whenever the election is held, it will probably produce a minority government. Both main parties are appealing for a single-party majority to ensure effective government and both vow not to negotiate coalitions. Business fears a weak government would make long-term planning and structural reforms difficult.

But polls indicate that the majority governments of the past decade, always difficult to achieve under Portugal's proportional voting system, are unlikely to return over the medium term. That would please Mr Soares, if few others. "The negotiation and compromise required of a minority government promotes healthier democracy," he said. It is a preference party leaders may reluctantly have to acquire.

ASIA-PACIFIC NEWS DIGEST

Taliban threat to UN peace bid

Mounting tension between the Afghan Taliban Islamic fundamentalist movement and government forces outside the capital Kabul is causing increased concern that a UN plan to transfer power this weekend from President Burhanuddin Rabbani to an interim authority may be under threat.

According to reports from Kabul, talks were continuing over the Taliban's demand that government forces withdraw from positions on the outskirts of the city. Mr Mahmood Mestiri, UN head of mission in Afghanistan who put together the plan, was optimistic that peace would hold. "We will try to stop the bloodshed. We will try to maintain a ceasefire," he said. "They [the Taliban and government factions] are in fact negotiating," he said. Mr Mestiri said the transfer of power may be delayed because some members of the interim council may not be able to reach the Afghan capital in time.

Meanwhile, Pakistan has praised the Taliban group but denied reports that it was helping the group in any way. Mr Najmuddin Sheikh, Pakistan's foreign secretary said: "They *are recognised as an indigenous nationalist movement*" and their success in capturing different areas in the past few months had come because of the Afghan people's frustration with prolonged fighting in the country, rather than outside help. *Farhan Bokhari, Islamabad*

Japan's money supply rises

Fears that Japan's gentle economic recovery might be harmed by a shortage of credit were diminished yesterday, by the sharpest monthly rise in money supply for three and a half years. Japan's main measure of money supply, M2 plus certificates of deposit, was 3.1 per cent higher last month from the previous January, the Bank of Japan announced. That represents an slight acceleration from the 2.9 per cent revised growth achieved in December.

Money supply expansion is expected to hold steady, at about 3 per cent in the three months to March, said a central bank official. A broader measure of liquidity, also including post office savings, bank debentures and deposits at agricultural cooperatives, rose by an annualised 3.6 per cent in January. *William Dawkins, Tokyo*

Philippines' trade gap widens

The Philippines' trade deficit widened in 1994 to $7.8bn, an increase of 25.4 per cent over the 1993 trade gap, the National Statistics Office in Manila said yesterday. The bulk of the country's imports, which grew by 20.7 per cent to $21.23bn last year, were made up of capital goods rather than consumer products, reflecting the country's growing industrial base. Exports in 1994 grew by 18.1 per cent to $13.43bn, rising sharply in December by 30.1 per cent against the same month in 1993. The Philippines again posted a current account deficit with Japan, which was $286m in 1994, while maintaining the country's healthy trade surplus with the US last year ($159.9m). *Edward Luce, Manila*

Jakarta's $2.2bn transport plan

Jakarta is to construct a $1.4bn underground transport system and an $800m above-ground light railway system in an effort to relieve pressures on the city's increasingly congested traffic and public transport. Tenders for the underground system will be put out soon so that construction can start next year. The construction of the light railway system will be managed by Citra Lamtoro Gung Persada, controlled by President Suharto's eldest daughter. The projects will link southern and central suburbs with the centre. *Manuela Saragosa, Jakarta*

N Korean nuclear pact in fresh trouble

By John Burton in Seoul and Peter Montagnon in London

North Korea yesterday cast further doubt on its nuclear agreement with the US by rejecting a demand from Washington that it resume political dialogue with South Korea.

Pyongyang threatened on Wednesday to scrap the accord if it was forced to accept South Korean nuclear reactors.

North Korea's official news agency said recent statements by US officials linking the question of inter-Korean dialogue to the nuclear agreement has raised "doubts if the US is really willing to translate the North Korean-US agreement into action".

North Korea promised during the negotiations on the nuclear agreement last October that it would resume suspended talks with South Korea at an unspecified time as part of the deal.

However, North Korea is demanding that South Korea first apologise for its refusal to send condolences on the death of President Kim Il-sung last year.

It also wants Seoul to repeal the national security law, which bans informal contacts with North Korea.

In Washington, US officials say they believe this week's outspoken comments from Pyongyang are designed to improve North Korea's negotiating position ahead of the resumption of talks on the agreement in mid-March.

North Korea has never said it will no longer negotiate, but the scope of the package remains undecided and Pyongyang may want to include infrastructure connecting the nuclear generators to its grid, one official said.

Nevertheless some analysts believe it has raised fundamental objections.

"It's going to be awfully hard to back away from the demand for an apology," said Mr Bill Taylor of the Centre for Strategic International Studies. The accord was "a beautiful concept which has run into a large variety of ugly facts," he said.

The commentary by the official Korean Central News Agency said: "Our consistent position is that dialogue can be resumed as soon as an appropriate atmosphere for dialogue is established."

It added that the issue of inter-Korean dialogue should not be discussed until "big progress" is achieved on the implementation of the nuclear agreement, which is still in its early stages.

"We shall not implement the North Korea-US agreement at the risk of accepting unreasonable prerequisites that run counter to the national interest. If the US insists on going its own way, we too shall go our own way based on our convictions."

Analysts believe that the North Korean statement is part of its long-term strategy of driving a wedge between the US and South Korea in the hope of isolating Seoul.

In Seoul, Mr Kim Deok, the South Korean deputy prime minister for national unification, said yesterday it was unreasonable for North Korea to refuse to accept new nuclear reactors from Seoul.

"The South Korean model of light-water reactor is obviously the most suitable one for any nuclear power plant to be built on the Korean peninsula, since it was designed to fit the conditions and circumstances prevailing in Korea," Mr Kim told a parliamentary committee.

Mr Kim did not specify the unique national features of the Korean reactors, which are based on licensed technology from Combustion Engineering of the US.

He said selection of the South Korean reactors was desirable not only for safety reasons, but also because it would be in the common interest of both North and South Korea since it would lead to an united energy grid.

The proposed reactors are the future standard model for South Korea, which now relies on four different types of reactor model from the US, France and Canada. The first two standard reactors are now under construction at the country's Ulchin nuclear complex.

North Korea has raised safety questions about the new reactors, but Mr Kim said: "Pyongyang's refusal to accept a South Korean model is not at all persuasive, and can only serve to stand in the way of implementing the US-North Korean agreed framework."

Kim Jong-il pictured last year. "Unbounded modesty" kept him from yesterday's celebrations

Birthday celebrations may signal reclusive Kim's coming to power

By John Burton in Seoul

North Korea yesterday began a two-day celebration of Mr Kim Jong-il's 53rd birthday in what is believed to be a prelude to his formal accession to power in the spring.

Mr Kim lived up to his reputation for reclusiveness by failing to make a public appearance, which was officially described as reflecting his "unbounded modesty".

However, this has not stopped Pyongyang from proclaiming the birthday celebrations as "the greatest holiday of the nation", a title that was formally reserved for the April 15 birthday of his father, the late President Kim Il-sung.

Mr Kim's avoidance of the limelight since the death of his father last July has fed speculation that he was in ill-health, which was delaying his formal takeover of the two key posts of national president and secretary-general of the ruling Korean Workers' party.

In the past six weeks, however, Mr Kim has made four public appearances, seemingly in better health than last summer when he looked emaciated and appeared to suffer from a partial facial paralysis.

Although these recent appearances have laid to rest speculation about poor health, they raised new questions about whether Mr Kim is engaged in a political struggle with hardline army generals since all the appearances were linked to military events.

Statements this week by Pyongyang threatening to scrap the nuclear agreement with US have increased concern that the army leadership is gaining influence. The military expressed opposition to the deal last autumn.

Government officials in Seoul, however, believe that North Korea is engaged in routine diplomatic brinkmanship to gain new concessions, with Mr Kim appearing to be firmly in control as reflected in the smooth implementation of the nuclear accord so far.

Mr Kim Deok, the South Korean deputy prime minister for national unification, recently said that the reason for the delay in Mr Kim's official takeover is that he wants to use the extended period of "mourning" for his father to increase public acceptance of his succession.

A rapid assumption of power would harm his image as a loyal son to the late president, which is his main source of legitimacy among North Koreans, who are still deeply influenced by Confucian traditions. Other analysts believe that Mr Kim is also exploiting the delay to consolidate his control over the government and the military.

One indication that Mr Kim may take power in late April is the staging at that time of an "international sports and culture festival" in Pyongyang, to which 10,000 foreign guests have been invited.

The event may also coincide with his father's embalmed body being brought to its final resting place in Pyongyang, which would end the mourning period.

However, South Korean hopes that Mr Kim's formal assumption of power will lead to a resumption of inter-Korean political dialogue may prove futile.

Pyongyang appears intent on ignoring Seoul for its refusal to offer condolences on the death of Mr Kim Il-sung, which North Korea regarded as a deep insult.

World Bank set to pump $700m into Indian banks

By Alexander Nicoll in New Delhi

The World Bank is poised to make its biggest loan to India, $700m, to help reform the country's financial system.

The financing, which has taken three years to negotiate, is to go before the Bank's board for approval in the next few weeks. It contains an innovative backstop facility intended to encourage foreign currency lending to Indian exporters.

The package was conceived as balance of payments support during India's financial crisis of 1991, but became more closely targeted as the rise in currency reserves rendered such support unnecessary, and as banking deregulation got under way.

"The loan recognises that reform has taken place and supports the further restructuring and upgrading of banks as well as the deepening of the financial sector," said an official closely involved in the negotiations.

Nationalised banks have begun to show signs of recovery after writing off or providing for many doubtful loans made in pre-reform days, while building up capital to comply with international norms. Progressive deregulation of interest rates is bringing a degree of competition between them.

But the return to health is far from industry-wide, and the liberalisation of banking markets still has a long way to go. The cautious pace of reform, particularly of privatisation and of the development of adequate mechanisms for bank supervision, is thought to have slowed the loan negotiations.

The loan is designed to push reform forward in several ways.

Half of it will be channelled directly into the capital base of six state owned banks as "Tier 2" capital. The banks – Allahabad Bank, Bank of India, Dena Bank, Indian Bank, Indian Overseas Bank and Syndicate Bank – have been selected on the grounds that, following the capital injection, they will be strong enough in time to raise private equity and meet the 8 per cent international capital-to-assets requirement.

This implies a significant push towards privatisation. So far, only two state banks, State Bank of India and Oriental Bank of Commerce, have sold minority stakes on the stock market. Bank of Baroda, Canara Bank and Punjab National Bank plan to do so in time.

The World Bank loan will place its six recipients firmly in the queue. "It is not intended for them to take the money and then do nothing," an official said.

This is particularly the case as the six banks will also receive $150m under the World Bank package to support modernisation, including computerisation, staff training, and improvement of management systems. Indian banks are mostly inefficient and grossly over-manned, and lag far behind the rest of the world in computerisation.

However, partly because it fears the political consequences of mass redundancies, the government remains opposed to full privatisation, so no nationalised bank will raise more than 49 per cent in private equity.

The third part of the World Bank package is intended to deepen the foreign exchange market in India, and implies partial relaxation – not yet announced – of restrictions on the use of foreign currency.

The $900m backstop facility supports Indian banks which will solicit foreign currency deposits and then lend the funds on as term loans in foreign currencies to Indian companies. These will principally be exporters since they will be receiving foreign currency with which they can service their loans.

Indian companies have long demanded greater ability to borrow in foreign currencies – and hence more cheaply than in rupees – to finance expansion which would boost export capacity.

The need for the facility arises because the maturity of deposits banks will take in – for example, the parked proceeds of equity issues abroad or of export sales – may not match the periods of the term loans.

Rising profits bolster unions

Gerard Baker predicts a bruising annual wage round in Japan

The annual *danse macabre* that is Japan's spring wage round began somewhat lamely this week. Normally in February, the labour unions take to the streets to issue demands for substantial wage increases, backed up by threats of strikes.

But this year the massive human and financial costs of last month's Kobe earthquake have softened the tone of the bargaining. The railway unions and several others have publicly abjured the use of industrial disruption as a negotiating weapon.

Yet despite the more civilised tone, the two sides may be headed for a much more bruising showdown this year than in the past. For four years recession has restrained demands on pay and working hours, but now the unions sense that their case has been bolstered by growing evidence of economic recovery.

Employers are equally determined to keep the brakes on pay, citing their continuing need to restructure and reduce costs in an increasingly competitive international environment. The outcome of the *shunto*, as the process is called, will be important, not just for the prospects for industrial harmony, but for the cost structure. The *shunto* sets increases in employees' basic pay for the next year.

The basic figure is only a part of total remuneration, since companies also pay substantial semi-annual bonuses, in summer and winter, to all workers, which can amount to as much as half their annual pay. But the *shunto* itself is an important determinant of the overall direction of wage costs, with companies taking their cue from each other in agreeing similar pay rises.

Between 1990 and 1994, as the economy slid into its deepest recession since the second world war, the labour market experienced an unprecedented squeeze. The official unemployment rate rose from 2 per cent in early 1990 to 3 per cent last autumn, just below its all-time high. The job offers-to-applicants ratio fell from over 1.4 jobs per applicant to less than 0.7 during the same period.

Against that background, the average increase agreed last year was 3.13 per cent, the lowest ever. This year employers are aiming to keep the wage rise below that, and last month, for the third year running the Nikkeiren employers' federation recommended a freeze. The unions, however, are pressing for a a flat increase of Y14,000 per month, an average of about 5 per cent.

All Nippon Airways employees at a morning briefing

Source: Japanese Ministry of Labour

It may prove more difficult for the employers to hold the line this year. In the last six months as economic recovery has stated to take root, labour market conditions have improved sharply. Unemployment, which had been expected to go on rising long after the recovery in output, seems to have peaked at last November's 3 per cent, and has now fallen to 2.8 per cent.

The job offers-to-applicants ratio also seems to have hit bottom, and most striking of all, in the last few months, total overtime worked ended four years of declines last summer and is now rising at a rate of more than 7 per cent per year. "The improvement in the labour market in the last few months is certain to put some upward pressure on compensation this year," says Mr Dick Beason, senior economist at James Capel Pacific in Tokyo.

At the same time, with the economy in the early stages of recovery, productivity is rising strongly. Manufacturing unit labour costs fell last year for the first time since the recession began, and productivity rose in the second half of the year for the first time since 1991.

That productivity improvement will contribute to the first increase in corporate profits this year since 1990.

All this strengthens the hands of the unions. Mr Toshio Koyano, economist at the DKB Research Institute in Tokyo, says: "Corporate profits rose by more than 29 per cent in the second quarter of last year and will show a gain for the whole year – that is certain to be a positive factor for the unions."

But the strong yen, in particular, will force manufacturing exporters to keep their costs low. "Industries that have been weakened by exposure to international competition will have a strong incentive to keep the pressure on wages," says Mr Atsushi Seike, professor of labour economics at Keio University.

Prices will also be a powerful weapon in companies' defences. Though wage growth has slowed markedly in the last few years, so too have price increases.

If wages rise while prices fall, companies will see the productivity gains they have recorded disappear, and margins will come under renewed pressure. Most manufacturers already face falling wholesale prices for their products, and are not strong enough to withstand sharp increases in their largest input cost – labour.

The most likely outcome according to most analysts, is a growing disparity in levels of pay settlements. In the past pay deals have tended to cluster closely around the average figure, but in the future, some sectors are likely to produce higher returns for workers than others. If that happens it would represent yet another breach in the wall of Japan's innately conservative labour practices.

صكذا من الاهل

Peso policy dilemma dogs Mexicans

Fears of worse recession fuel debate, writes Leslie Crawford

The weakness of the Mexican peso and early evidence of a dramatic fall in imports are worrying officials at the Bank of Mexico, who fear a deepening recession.

The worries have added urgency to the debate over what exchange rate policy the government should adopt to pull Mexico out of its financial morass.

Central bank officials say the options are restricted by Mexico's low level of international reserves, which barely cover three weeks of imports, and the collapse of investor confidence since the government's bungled devaluation in December. Since then, the Mexican peso has lost a third of its purchasing power, while a $50bn international rescue package intended to allow Mexico to honour its short-term debts has done little to restore faith in the country's economic management.

"Our low level of reserves, the lack of credibility, means that if we were to fix the peso against the dollar tomorrow, whatever value we chose would probably come under immediate speculative attack," Mr Ariel Buira, one of the central bank's deputy governors, said in an interview.

"If we re-instated the previous regime, and allowed the peso to float within pre-determined trading bands, it would also be shot down by the market." The option of an Argentine-style currency board, which restricts a country's monetary base to the level of hard currency reserves, has been discarded for various reasons, according to Mr Buira, including the fact that it would be too costly to implement.

He believes Mexico's only option at present is to continue the free-float of the peso, adopted under duress after a run on the central bank's reserves in December.

But the floating regime, at a time of great nervousness in the financial markets, is wreaking havoc in the economy. "If the peso had stabilised within the floating regime, we would be happy," Mr Buira says, "but its current volatility is hindering foreign trade transactions as well as investment decisions." The central bank expects the loss of purchasing power of the Mexican currency to lead to a dramatic contraction of imports this year, compounding the looming recession, while the greater cost of imports will also feed inflation.

Until the import figures for January are published, the evidence of the decline in foreign purchases is anecdotal. Mr Buira says toll road operators have reported a 50 per cent decline in the number of US trucks using their highways, while the Mexican press carries almost daily reports of investment projects that have either been cancelled or postponed as a result of the devaluation. The evidence so far, however, points to the fact that Mexico is headed for a far deeper recession than government officials are prepared to admit.

Mr Buira believes Mexico could end with a current account approximately in balance this year if the peso does not appreciate from its current rate of around 6.0 to the dollar. The government's 1995 economic programme, outlined in a letter of intent to the International Monetary Fund, foresaw a halving of Mexico's current account deficit from $28bn in 1994 to $14bn this year – provided the peso recovered enough purchasing power to generate modest economic growth. But the government's assumption of a rate of 4.5 pesos to the dollar appears to be out of reach if it continues to allow market forces to determine the rate.

The option of a "dirty float", with selective intervention by the central bank to raise the peso to its desired level, is one increasingly favoured by Mexico's monetary authorities. But the bank does not have the final word on foreign exchange policy, which is the prerogative of the finance ministry.

Mexico's exchange regime options may become clearer once the finance ministry finalises plans for the restructuring of its $22bn *Tesobono* debt – the short-term, dollar-denominated treasury bills responsible for Mexico's current liquidity problems. Mr Buira said the government was planning to offer longer-term dollar instruments to the holders of *Tesobonos*. If accepted, the lengthening maturities on government debt would ease pressure on Mexico's foreign currency reserves and allow for more flexibility in foreign exchange policy.

Having taken the brunt of the blame for the events leading to the botched devaluation in December, the Bank of Mexico is now under fire for refusing to relax monetary policy at a time when most of the country's corporate sector is gasping for credit. But, Mr Buira says, the cost of credit is not under the central bank's control.

"The high interest rates we are witnessing at present are not a function of the central bank's monetary policy, but the perceived risk of investing in Mexico," Mr Buira says. "To follow an expansionary monetary policy at this point in time would be counter-productive. The most important thing the central bank can do is to try to inspire confidence, as only a return of investor confidence in Mexico will lower interest rates."

"Marcos is the people" declares a demonstrator's banner at a pro-Zapatista rally in Mexico City this week Picture Reuter

Mexico stocks down again as US talks start

By Leslie Crawford in Mexico City and Stephen Fidler in London

Mexico's financial troubles continued to weigh on its stock and currency markets yesterday, prompting further sell-offs in other Latin American markets.

The Mexican market was 2.22 per cent down in peso terms at mid-session, while the peso had slipped to 6.075 to the dollar against the Wednesday close of 5.975. In dollar terms, the Mexican market lost 15.7 per cent in the previous three sessions.

The Buenos Aires bourse posted losses of 5.85 per cent at mid-session yesterday after nine consecutive sessions of falls. São Paulo was down 5.56 per cent in late trading.

Mr Guillermo Ortiz, finance minister, was due in Washington yesterday for talks with Mr Robert Rubin, US treasury secretary, on the terms of a $20bn credit line for Mexico. Mexican officials were hoping for an early completion of the talks but were not optimistic that it could be announced this week.

The US said yesterday it had approved the use of resources from the credit line so that the Mexican government could redeem early up to $2bn of *tesobonos*, short-term dollar-denominated government securities. Mexico said it would detail the redemption later.

However, market sentiment has been worsened by the default by Grupo Sidek, a diversified Mexican holding company, on short-term dollar debt. It chose not to repay $19.5m (£12.5m) of commercial paper which fell due on Wednesday. This raised fears that other Mexican companies with difficulties in rolling over their short-term debts might also opt to default.

"This might be the tip of the iceberg, in the sense that lots of companies are facing short-term liquidity problems," said Mr Geoffrey Dennis of Bear Stearns in New York. "But we don't expect many companies to do what Sidek did. It had the money to meet payments and it chose not to. I don't think many companies will risk taking that path."

It seems to be cheaper now for some Mexican companies to pay contractual penalties than pay the higher interest rates being demanded for new finance, he said.

Analysts stress that not all Mexican companies face the same predicament. Grupo Mexicano de Desarrollo, a large construction firm, on Wednesday made an advance down payment on a Eurobond issue falling due today. Gemex, a Mexican bottling company, also announced that it had successfully rolled over some $40m of commercial paper.

Mexican companies, however, are paying significantly higher premiums to roll over their short-term obligations. Gemex paid 18¼ per cent to renew its commercial paper - before it could acquire international finance at 11 to 12 per cent.

Certain blue-chip stocks – such as Telmex, Grupo Modelo (a beer company) and Cifra (in retailing) – are known to have sufficient cash reserves.

House agrees to slash cash for UN peace role

By George Graham in Washington

The House of Representatives yesterday rebuffed President Bill Clinton's veto threat and agreed to a measure that would slash US contributions to United Nations peace-keeping operations.

The Republican-dominated chamber voted in favour of a requirement that the US deduct from its assessed UN peace-keeping contributions any costs the Defence Department directly incurs in supporting those peace-keeping operations. The Clinton administration says such a step would have entirely wiped out the $1.5bn (£962m) US contribution last year.

The measure is part of the National Security Revitalization bill, which incorporates the foreign policy and defence elements of the Republican party's Contract with America election manifesto.

But the bill is giving the Republican leaders some of their most difficult challenges so far in pushing through an ambitious legislative agenda.

Speaker Newt Gingrich suffered his first major defeat in this Congress on Wednesday night, when 24 rebel Republicans joined almost all the Democratic minority in the House to remove the bill's requirement that the administration deploy "at the earliest practical date" a Star Wars-style defence system against ballistic missiles.

The rebels included Congressman John Kasich, chairman of the House budget committee and a central Republican leader. He is a fiscal hawk who assigns a higher priority to budget deficit reduction than to restoring defence spending. Three other full committee heads also voted against the missile defence clause.

Administration officials argue that there is no significant threat of a ballistic missile attack on the US in the next 10 years. They have concentrated their research and development on systems to defend against shorter-range missiles in a combat theatre.

Yesterday, too, the Republican leaders won only narrow approval of another element of the bill to set up a 12-member advisory Revitalization of National Security Commission to assess the adequacy of current US defence policy and funding.

That measure has been hotly contested by Mr William Perry, defence secretary, who argues that it would infringe on his role.

He has also criticised other measures in the bill which would restrict the president in placing US troops under foreign command in any UN operation. "I think it cripples our operational capability with no clear benefit," Mr Perry said this week, noting that US troops had served under the operational control of foreign commanders in World War I, World War II, Desert Storm and Korea.

A final vote on the overall bill was expected late yesterday, but action in the Senate may take longer.

Argentine pension cut advances

The lower house of the Argentine Congress approved late on Wednesday a bill that would help cut the costs of state pensions, writes David Pilling in Buenos Aires.

Passage of the so-called superlaw, which was drafted by economy minister Mr Domingo Cavallo and will be sent to the Senate next month, promises to be an important weapon in his budget balancing armoury. Its prospects in the Senate are good.

Progress with the bill is welcome for the government amid general economic gloom in Argentina. The state pension system loses the equivalent of an estimated $300m (£192m) a month, according to Baring Securities.

Deputies approved the pensions bill after watching the Buenos Aires market plunge on Wednesday for the ninth consecutive session.

Mr Cavallo had warned Congress that failure to pass the bill, as well as other pending legislation such as labour reform, would have risked plunging Argentina into recession.

The blue-chip Merval index has shed more than 35 per cent since the Mexican crisis broke in December. Many institutions, struck by liquidity problems, have been forced to sell into a market with little appetite to buy.

The "superlaw" stipulates that the state pension system cannot pay out more than it collects, and limits the power of courts to raise individual pension payments. One deputy, angered by the potential social implications of the bill, called it "a step back 50 years".

Mr Cavallo's room for manoeuvre is limited. Access to borrowing is severely restricted after the recent Mexican devaluation, while hopes to increase tax revenue significantly this year, mainly by more efficient collection, have been dented by prospects of economic slowdown.

Official estimates of growth this year have already been cut from 6.5 to 4.5 per cent, with many economists predicting only 3 per cent.

German wagon maker finds going tough in US

By Judy Dempsey in Berlin

Times are tough for Deutsche Waggonbau (DWA), the east German manufacturers of railway cars. Today its board will hold a crucial meeting to decide if it can afford to shed more jobs in order to pave the way for selling the company to Advent, the US-based venture capital group. If there is no agreement, Advent might have more than second thoughts about buying what was once the flagship of east Germany's manufacturing sector.

DWA, one of the few remaining enterprises to be privatised by the BVS, the successor to the Treuhand privatisation agency, has already undergone a massive restructuring programme. Its workforce has been reduced from 24,500 before German unification in 1990 to 6,000, with further redundancies on the way. Investments of DM250m ($164m), excluding DM4bn credits to find new markets, have been poured into the company, particularly in research and design.

Throughout these five years of restructuring, DWA has sought to win contracts in Germany and further afield, especially the US. And last year, confident it could break into the highly competitive US market, it bid for a $234m contract for 119 railway cars for the Long Island Railroad company.

The board of the Metropolitan Transportation Authority (MTA), which has the final say in awarding contracts, and which orders more passenger rail cars than any other authority in the US, opted for Kawasaki, the Japanese railcar makers. For the past 15 years, Kawasaki has been one of the main suppliers to the Long Island Railroad company.

However, the contract was not signed following DWA's decision last December to question the MTA's procurement policy after failing to win the contract.

"We were offering to build the cars at a cheaper price," said Mr Larry Levinson, DWA's lawyer, and a partner at the New York law firm of Herrick and Feinstein. "We were prepared to assemble the cars on Long Island and create jobs in this depressed region. We believed our bid was a good one."

Under pressure from DWA, the MTA deferred its decision to award the contract until February 24. In the meantime, the Inspector General's office, which is independent of the MTA, is investigating DWA's allegations that the east Germans had been unfairly treated.

Mr Henry Flinter, the Inspector General, said last week that he "cannot comment" until his office's findings are complete later this month. However, he said that the original objections raised by the MTA, and by the Long Island Railcar company to DWA's bid – that the east Germans could not make steel cars, that its financial future was questionable, and that DWA simply did not meet the specifications of the Long Island Railway company, "are those issues which we are looking into".

Mr Levinson and DWA officials contest this view. "We would not have presented a bid if we did not think we were up to it," a DWA official said. But Mr Levinson went further: "I will tell you what is at issue. It is about monopolies. You have two railcar manufacturers trying to keep everyone else out of the market. There is simply not enough competition. That's what DWA wanted to bring."

Back in Berlin, DWA officials are gloomy about the prospects of ever winning the Long Island contract, even though they have been told by experts that the profit margins for such a venture might be too low to make the deal worthwhile. Indeed, DWA's divided management are even pessimistic that they can agree to sell further restructuring plans to its workforce so as to clinch the privatisation deal with Advent.

"We thought it was tough back in 1990. But somehow, it just gets even tougher no matter where we go," a DWA official said.

Japanese car dealers under US pressure

Expect no let-up in market-opening moves, writes Nancy Dunne

Japanese officials have come up with a proposal to break the stalemate with the US over vehicle imports. They have suggested conducting a joint survey of 1,600 Japanese car dealers to determine which would co-operate with US car producers in pushing for a larger share of the Japanese market.

This proposal falls far short of American vehicle producers' demands, but could at least jolt the talks out of their current sluggish pace. US officials are anxious for a deal by March 31, a deadline for once not encumbered by a threat of sanctions. The US vehicle and spare parts deficit with Japan is expected to reach an all-time high of $39.4bn (£25.4bn) this year, a rise from $36.1bn in 1994.

While the US Congress does not appear interested in new trade legislation directed at Japan at the moment, a slowdown in US domestic car sales, partly as a result of higher interest rates, could bring loud demands for action.

Hence the pressure on trade officials to come up with something. In the past, the Big Three US car producers – Ford, General Motors and Chrysler – were subject to much ridicule for demanding entry to the Japanese market while failing to produce the right-hand drive vehicles it requires.

An earlier US-Japanese survey of Japan's car dealers found only 1.5 per cent interested in selling US cars. For one thing, Japanese dealers were worried that Detroit was not committed enough to provide quick support for repairs and replacement parts.

US officials counter that Detroit has spent millions to prove its commitment to the market. Ford Motor Company has set up its own electronics centre near Hiroshima and a technology centre in Tokyo, has dropped its prices and is working hard to build its own distribution system. Chrysler, which moved its Asia sales offices to Tokyo, dropped prices on its Cherokee jeeps and saw sales soar. General Motors established a technology centre in Tokyo and began forging links with Japanese companies.

The Motor Vehicle Manufacturers Association says each company has invested the $20m-$30m per model needed to re-engineer cars for right-hand drive. Each has four models planned for sale in Japan. However, some of those models, such as GM's Opel, will not do much for the US trade balance; the Opels are being delivered from GM's German plant.

Having made the investments, Detroit has set as its long-range target, 25 to 50 per cent of Japan's vehicle market. It is willing to accept a 10 per cent market share over the next three years. To achieve this, it is seeking access to the showrooms of 1,200 dealerships.

"We are not asking for guaranteed sales," the MVMA said. "But we think if the product is available for people to see, it will sell."

It points to the fact that with the introduction of right-hand drive models, Big Three sales of right-hand drive models climbed by 50 per cent in 1994 to 57,357 vehicles. The target for 1998 is 200,000.

The Japanese industry seems close to reaching the "voluntary" targets it set at $19bn in purchases of US vehicle parts by the end of Japan's 1994 fiscal year in March. However, it is resisting US demands to increase "voluntary" targets to $40bn out of fear that US negotiators will insist that targets are commitments.

"The US government demands non-market devices and other interference in the marketplace to assure increased sales of US auto parts to Japanese companies," said the Japan Automobile Manufacturers Association in Washington.

US officials are seeking commitments for more purchases of parts from "traditional" (American) parts suppliers by Japanese transplants in the US. Knowing they are on shaky ground with this demand, US officials have brought a trade action against Japan's after-parts market, which could conceivably be resolved through deregulation.

Jama acknowledges that its regulation is stringent, that deregulation is desirable, but as long as cars and parts made in Japan are subject to the same standards, then it is abiding by international trade rules.

"The auto industry is global with thousands of cross relationships between countries and companies," it noted. "Increasing sales between countries cannot be defined by simple market shares."

All of this may be true, but it is also true that the unrelenting pressure by the US industry and government has begun to open a very closed market – and it is unlikely to ease its demands.

US car exports to Japan

Thousands of units

Source: American Automobile Manufacturers' Association *Dec 1993/Nov 94

Share of imported cars in Japanese market (%)

	1990	1993	1994	Dec 94
Total	5.1	5.7	8.1	11.8
of which European	4.4	4.0	5.4	8.3
US	[illegible]	1.8	2.7	[illegible]
of which US Big 3	0.4	0.6	1.0	1.3

Source: MIII

Airbus plan for Japan tie-up fails

By Gerard Baker in Tokyo and Michael Skapinker in London

A planned tie-up between Airbus Industrie and Japanese companies to develop a very large passenger aircraft now seems unlikely to go ahead, the European consortium has said.

Mr Adam Brown, Airbus vice-president, said in Tokyo that the company had received no response to its approach to two Japanese aerospace manufacturers to participate in the project.

Kawasaki Heavy Industries and Mitsubishi Heavy Industries had both been asked by Airbus to take part in the development and production of the A3XX aircraft, Mr Brown said, but neither had shown interest. The company was now seeking partners among other countries in Asia.

The A3XX is one of several projects aimed at developing an aircraft to succeed the Boeing 747-400, which carries about 400 passengers. The A3XX would carry about 600 passengers on two decks.

Airbus has been conducting a joint study with Boeing into the possible development of the Very Large Commercial Transport (VLCT), which would carry bwteen 600 and 800 passengers.

WORLD TRADE NEWS DIGEST

WTO calls for MFA compliance

Pakistan remains a high-tariff economy despite commendable progress towards trade liberalisation, the World Trade Organisation says in a secretariat report on the country's trade regime. The inward-looking trade policies practised until recently have left Pakistan's economy isolated, protected and heavily dependent on exports of cotton and cotton-based manufacturing, accounting for about 60 per cent of goods exports, the report says. This in turn has made Pakistan vulnerable to import restrictions by trading partners, especially in the textiles and clothing sector.

The WTO report calls on industrialised countries to comply with the Uruguay Round agreement to dismantle the Multi-Fibre Arrangement restricting textiles and clothing trade. Better trading conditions would boost Pakistan's exports and encourage further progress towards trade reform and economic liberalisation, the report says.

Even after substantial reductions, import tariffs average 50 per cent and only a third of tariff lines are "bound" under WTO rules which prevent governments from raising duties at will. Pakistani officials told WTO members this week that the government planned to halve the maximum tariff from 70 to 35 per cent by 1996-97 and to increase the proportion of tariff bindings. The list of prohibited goods, already cut from 300 to 70 items, would shrink further with the removal from July of over 60 textile products. *Frances Williams, Geneva*

BMW plans S Korea venture

German executive car maker BMW is setting up its own distribution company in South Korea. The company, BMW Korea Corporation, will be capitalised at DM2m ($1.3m) but expects to spend many times this amount over the next few years developing a distribution and sales network. Announcing the plan yesterday, Munich-headquartered BMW said it expected to sell around 1,000 cars in South Korea this year, compared with 200 in 1994. The venture into Korea's new car market is part of a strategy by BMW to establish a foothold in the Asia-Pacific region, expected to be the fastest-growing region for car sales in the next decade. *John Griffiths, London*

■ Belleli, the Italian heavy engineering group, has won a L150bn ($92.93m) contract to construct a tension leg oil-drilling platform for the Shell, Amoco and Exxon oil companies. The 41,000-tonne rig will operate in the Ram-Powell oilfield in the Gulf of Mexico from 1997, at a record depth for US water of 980 metres. Shell Offshore has a 38 per cent share in the project, and Amoco and Exxon 31 per cent each. Belleli has already supplied one tension leg platform for Shell Offshore. The Auger platform operates at a depth of 890 metres in the Gulf of Mexico, and another 20,000-tonne platform, Mars, to operate at 910 metres, is under construction. *Andrew Hill, Milan*

■ Mobil Nigeria and Nigerian National Petroleum Corporation (NNPC) have awarded a contract worth about $665m to ABB Lummus Crest, the lead contractor, JGC, Bouygues Offshore and a joint venture of Spiebatignolles and Fougerolle for the Oso natural gas liquids recovery project. Mobil has a 51 per cent stake and NNPC 49 per cent. The project will recover 350m barrels of natural gas liquids from the Oso gas stream at the Oso field, 35 miles south of Mobil's Qua Iboe terminal. *Paul Adams, Lagos*

■ British Telecommunications has launched an initiative to sell its integrated trading system to dealing rooms in India. Analysts predict the market for these systems will grow rapidly. Mr Ken Wells, BT's country manager for India, said the country's need would double annually from the present 800 trading positions over the next five years. BT has also set up a joint venture with Bangalore-based Wipro for service support. *R.C. Murthy, Bombay*

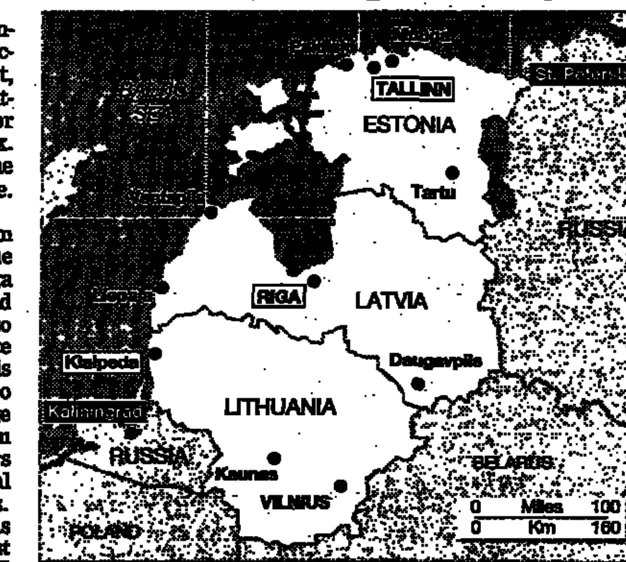
Baltic ports search for new role as gateway to Russia

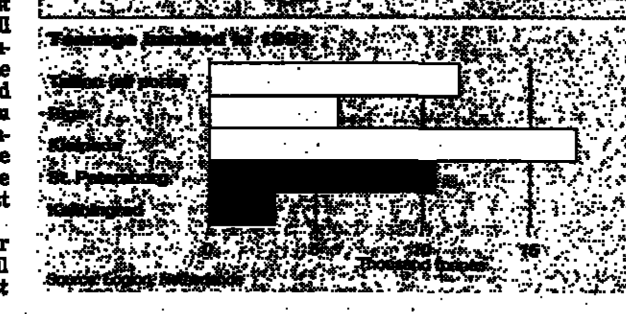
Matthew Kaminski on efforts to exploit the growing transit trade

Mr Vladimir Volohonsky, executive director of Tallinn Port, shuffles maps and reports outlining expansion plans for Estonia's three-port complex. "When Russia opens up," he says, "we'll need five more. That's the future."

Along the Baltic's eastern shore, old Hanseatic League towns like Tallinn and Riga await the revival of the old trade routes and are vying to be the gateway for lucrative Russian transit trade, which is increasingly reorienting to western Europe. The challenge for the Baltic states, freed from Soviet rule just three years ago, is to overcome political barriers and regional rivalries.

In the far north, Estonia has the upper hand. The smallest former Soviet republic has all the region's deepest ports, usually ice-free, near Tallinn, the capital, with its good rail and road links east. Low custom duties make Estonia comparatively efficient and hassle-free for transporters. Muuga, the largest port, was built just eight years ago, with an 18-metre draught. It has plans for new dry bulk, container and oil terminals at an estimated cost of $600m.





By March, Muuga's coal berth will be lengthened 75 metres to maintain Estonia's 60 per cent share of the 4.5m tonnes Russia sends through the Baltic countries each year, says Mr Volohonsky.

Overall, transit trade makes up 90 per cent of the three ports' 15m tonne traffic this year, up from 11m tonnes in 1993.

With a EKr209.4m ($16.9m) profit last year, the Port of Tallinn complex has adapted better than the other Baltic ports to the unpredictable trade movements stemming from the collapse of the Comecon trading bloc.

In Latvia, Riga's port, smaller (with a 10 metre draught) but with better rail links, has seen trade turnover halved to 2.8m tonnes this year. "There are no stable cargo flows to and from Russia, only a lot of cheap metal," says Mr Aldis Zieds, a deputy director. He notes that grain and sugar imports, which used to make up 60 per cent of traffic, now account for 7 per cent.

Lithuania's Klaipeda port was hit by the collapse in iron ore and steel trade to east Germany. Although the road from Klaipeda to Vilnius, the Lithuanian capital, is the best in the Baltics, the port is hampered by a shallow 7 metre canal and small berths that have little room for expansion.

Latvia and Lithuania hope to catch up with Estonia's port facilities, and Latvia is particularly well placed. Aside from the good land links, the only oil pipeline from the Siberian steppes to the Baltic ends at Ventspils, the main oil port, which has a 38m tonne annual capacity and a 12.5 metre draught. Russian disputes with Latvia over trade and human rights diverted the oil elsewhere, but a recent agreement looks set to increase traffic through Ventspils, now working at 66 per cent capacity.

The Latvian port of Liepaja is home to the main Soviet Baltic Fleet port outside Russia. A few docks are now leased for timber and non-ferrous metals. A switch to commercial use is also planned at Estonia's Paldiski submarine base.

The Latvian Shipping Company, operating an 86-ship fleet, is still in profit on a turnover of $300m this year. "We're trying to keep our old clients," says Mr Peteris Avotins, president, citing Russians with export licences. The Russian connection is important for the development of the nascent banking sector in Tallinn and for Riga's ambitions to become the financial and trade centre it was before the war.

"Our main customers are connected to the ports," says Mr Jüri Mõis, chief executive at Hansa Bank, Tallinn's largest. "But the business is difficult because there is no direct payment clearing system with Russian banks."

The Baltic states' continuing associations and tensions with, and reliance on, Russia is evident in many aspects of their economic and trade development. The Balts do not have most favoured nation status (MFN) with Russia: only Lithuania has signed an MFN agreement, but ratification in the Russian parliament is contingent on a bilateral agreement on troop transport into Kaliningrad, the Russian coastal enclave, signed on January 18.

Estonia's and Latvia's simmering border dispute with Russia threatens Baltic efforts towards closer integration with the European Union, which opened talks on association agreements last week. Mr Volohonsky, an ethnic Russian, complains that rail transit tariffs rise every two months, and are double what any other country must pay.

Following the collapse of the former Soviet Union, Russia found itself cut off from big Soviet ports and has tried to promote transit trade through its two remaining Baltic ports, St Petersburg and Kaliningrad. Both have problems.

St Petersburg, a traditional sugar import harbour, is icebound almost five months a year and the Morskoy Channel must be regularly dredged. Theft and cumbersome customs procedures lead many transporters to opt instead for Estonia or even the Finnish ports at Kotka and Helsinki, despite higher rail costs, according to a recent report by Logion, a Dutch consultancy.

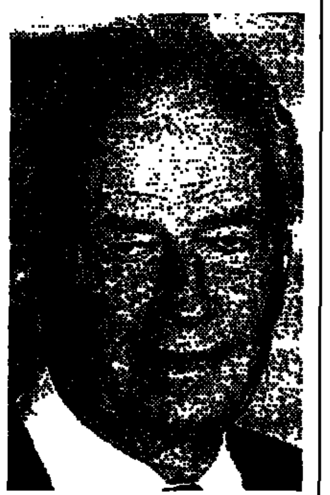
The only ice-free Russian port, Kaliningrad, is cut off from Russia by two borders, making land transport difficult. The city port – with only a 7.9 metre draught – has seen traffic fall from 5m tonnes in 1992 to 3.5m tonnes this year, says Ms Natalia Pozdiakova, assistant general director.

The region's efforts to attract investment through a free trade zone are falling short of expectations and the Baltics are set to capitalise on their natural advantages. But the Logion report warns success depends greatly on improving political ties with Russia, although compromise over sovereignty questions "may be emotionally very difficult" for the three countries who fought for their independence.

A big concern is that expansion plans at Muuga unnecessarily undercut the region's other ports. Under Soviet rule, all the Baltic ports were specialised and now, as competitors, they are diversifying to serve the Russian market, where future demand for their services remains uncertain and, for the present, too low.

Israel to ease restrictions on borders

By Julian Ozanne in Jerusalem



Rabin: offer renewed

Israel yesterday agreed partially to ease the three-week closure of its borders with the Gaza Strip and occupied West Bank and said it would enter into intensive peace talks with Palestinians.

The partial lifting will diffuse tension in Israeli-Palestinian peace talks but falls short of Palestinian demands for a return to open borders and a speedy implementation of the long-delayed peace process.

Mr Yitzhak Rabin, Israeli prime minister, said after meeting Mr Yassir Arafat, the Palestinian leader, that Israel would next week allow 15,000 Palestinians over the age of 30 to enter Israel to work.

Officials said a further easing of the closure might take place in the coming weeks if the Palestinian self-rule authority takes further security measures against extremists responsible for attacks on Israelis.

But Palestinians said the gesture was a minimal concession and underlined the fact that Israel intends to maintain restrictive border policies which prevent tens of thousands of Palestinians from working in Israel and harm Palestinian economic prospects.

Until the latest closure, 60,000 Palestinians were allowed to cross into work in Israel, one half of the peak migrant labour force of 125,000 before the 1991 Gulf War.

In recent months Israel has given permits valid for one year to 59,100 foreign workers, mostly from Romania and Thailand, to fill jobs traditionally done by Palestinians in construction and agriculture. A further 11,000 permits for foreign workers are in the pipeline, a move which in effect rules out Palestinians returning to the jobs they once held.

To alleviate the economic effects of the closure, Israel and the Palestine Liberation Organisation agreed to ease movement of Palestinian trucks across international crossing points from the self rule areas of Gaza and Jericho to Egypt and Jordan.

Both sides also agreed to speed the construction of industrial parks on the Israeli-Palestinian borders, whose products will be included in Israel-US and Israel-European Union free trade agreements. But Palestinians said the parks would only provide a solution in the long-term to the unemployment crisis in Gaza and the West Bank.

Nevertheless Mr Ahmed Qurie (Abu Ala'a), Palestinian trade "minister", said Israel's promise to intensify peace talks on Palestinian elections and an Israeli troop redeployment in the West Bank had broken the deadlock in the peace process. Israel also agreed to reactivate a ministerial committee to review procedures for the release of 000 Palestinian prisoners still held by Israel.

But it was clear yesterday Israel is still not ready to move swiftly on redeployment in the West Bank. Instead, Mr Rabin renewed his offer to grant the PLO immediate municipal and economic control of the small West Bank town of Jenin, without an Israeli military withdrawal. Mr Rabin said Mr Arafat had shown little enthusiasm for the proposal.

British commitment to EU queried after aid row

By Caroline Southey in Brussels

Mr Alain Juppé, the French foreign minister, yesterday called into question Britain's commitment to the European Union after he abruptly ended a two-day ministerial meeting of the EU and African, Caribbean and Pacific countries on multilateral aid.

Britain has became isolated after insisting on a cut in its contribution to the European Development Fund, the EU's largest aid programme, arguing that it wished to concentrate on its bilateral aid programme.

"Belonging to the EU means accepting the multilateral discipline," Mr Juppé said, adding that countries which argued they could not give multilateral aid because of bilateral commitments where calling into question the "very concept of belonging to the EU".

Mr Juppé's outburst followed his failed attempts on Wednesday night to secure commitments from member states for an aid package for ACP countries.

Germany, which earlier had been in the British camp, joined the Netherlands and Italy in opposing an increase in aid in real terms. Britain is the third largest donor to the fund after Germany and France.

Tensions between France and Britain came to a head yesterday morning after Mr Juppé closed the meeting after just 40 minutes. Observers said Mr Juppé curtly rebuffed a suggestion from Baroness Chalker, UK minister for Overseas Development, that the meeting remain in session to discuss trade issues.

France and the European Commission argued that trade issues could not be addressed before the aid issue had been settled, although EU officials said Mr Juppé's decision had surprised some member states and angered others.

Lady Chalker said she regretted the meeting had broken up so quickly as there "was a lot of important and useful work we could have done on issues like improved market access and rules of origin."

Mr Juppé said the commitments of less than Ecu12bn ($14.8bn) he had secured from member states on Wednesday were "totally unpresentable".

He said that France, which holds the EU presidency, and the Commission remained determined to increase the next EDF in real terms to Ecu14.3bn to take into account inflation and contributions from the three new member states – Austria, Sweden and Finland.

The meeting was part of a mid-term review of the Lomé Convention which offers preferential trade terms for ACP countries. The review was due to be completed by the end of the month.

Nigeria investment moves fail to convince the multinationals

Deregulation promises have not halted divestment, writes Paul Adams

While Nigerian government officials are busy trying to sell the virtues of the 1995 budget for foreign investment, some unconvinced multinationals are going ahead with plans to pull out of the country, and the rest are wondering when the newly deregulated foreign exchange system will be allowed to work.

The scrapping of some of the limits on foreign majority ownership and the repeal of the Exchange Control Act have had no effect on plans by Hoechst, the German pharmaceutical group, to sell its 40 per cent stake in Hoechst Nigeria to an offshore holding company controlled by Mr Ernest Shonekan, who was briefly head of state in 1993 and is now an informal adviser on the economy to General Sani Abacha's regime.

Like many manufacturers in Nigeria who exported informally to the neighbouring francophone African countries, Hoechst lost about 30 per cent of its sales early last year when the revaluation of the Nigerian currency and the devaluation of the CFA franc eroded competitiveness.

This follows other divestments by multinationals in pharmaceuticals in the past three years, including Wellcome and ICI. Glaxo has retained its stake in a Nigerian affiliate but changed the name to Evans Medical.

Foreign partnership in Nigeria's car assembly sector is also under strain. For some time the country's three motor car assemblers have survived mainly on orders from government agencies, including the army. Last month Volkswagen Nigeria closed its plant near Lagos assembling Santana cars which had been almost at a standstill for months. In recent years, all three foreign car makers with assembly plants in Nigeria have survived off orders from government agencies, including the army.

The lack of foreign exchange to import completely knocked-down kits and the mass of cheaper imported cars meant that Volkswagen could not compete. The remaining two car vehicle assemblers, Peugeot Automobile Nigeria in Kaduna and Annamco, the Mercedes Benz bus plant in Enugu, are suffering from the same problems and operating at low levels compared with capacity.

Government regulation of fuel prices and erratic supply from state-owned depots and refineries have also undermined multinationals' profits in the downstream oil sector.

Texaco's 60 per cent stake in Texaco Nigeria, which produces and markets petroleum products, has been for sale since 1993. Engen, the South African energy company formerly part of the Gencor mining group, is close to acquiring Texaco's 60 per cent share in Texaco Nigeria, according to stockbrokers in Lagos.

The 1995 budget has scrapped the law restricting foreign ownership in almost all sectors of the Nigerian economy except the most important: the oil and gas exploration and production joint ventures in which the parastatal Nigerian National Petroleum Corporation owns 58 per cent and international oil companies the rest.

These joint ventures account for more than 90 per cent of export earnings and government revenue. The government's failure to pay its share of operating costs last year led to arrears of $1.1bn to its minority partners – Shell, Mobil, Chevron and the other oil companies that are also the operators. The government has rejected the oil companies' proposal to dilute NNPC's equity in the joint ventures.

Until they are assured of payment, the oil companies have scaled down investment and warned that, at present levels, Nigeria will be unable to maintain its production capacity, much less increase it as planned.

Late last year Nigerian output dropped below its Opec quota (2.04m barrels a day, including condensate) and is currently losing 85,000 b/d as a result of an explosion at a Mobil platform on January 19.

The oil companies want a realistic exchange rate before using dollars to pay for local costs. "Last year," says an executive of one of them, "we were forced to change dollars at N22 (the market rate is around N80). Until we know what is happening we shall continue to borrow locally in naira wherever possible."

The oil industry should be the main source of foreign exchange to the rest of the private sector but under this year's guidelines the oil companies can only sell their dollars to the Central Bank of Nigeria, which will buy them at "autonomous rates" and sell them on the inter-bank market. But the CBN has not offered to buy nor indicated its intended rate and an oil company has asked the central bank for clarification.

The government's exchange rate policy remains confused. While insisting recently that convertibility of the naira was the ultimate aim, Mr Paul Ogwuma, the central bank governor, promised to "restore and defend the international value of the naira through a combination of demand management, supply initiatives and supportive complementary action."

Unless it allows the oil companies' dollars into the system, the CBN has little scope for intervention with foreign exchange reserves estimated at about $400m, less than a month's imports.

South Korea builds links in Uzbekistan

By John Burton in Seoul

Mr Islam Karimov, the Uzbekistan president, this week paid a second visit to Seoul in three years, underscoring South Korea's growing economic ties with the Central Asian republic.

Uzbekistan accounts for 80 per cent of the $100m in total South Korean direct investments in the former Soviet Union. It is also South Korea's second largest trading partner among the former Soviet republics after Russia.

South Korean companies regard Uzbekistan as a more stable investment area than Russia, while offering low labour and production costs.

Another main attraction is that Uzbekistan is home to 200,000 ethnic Koreans deported there from the Soviet Far East by Stalin in 1937. The Soviet dictator was concerned about the loyalty of the Koreans in the event of a war with Japan, which then ruled the Korean peninsula.

The emotional ties that Korea has for its overseas diaspora has made Uzbekistan a prime focus of diplomatic activity although bilateral relations are only three years old. In that time, trade between the two countries has grown from $3.7m in 1992 to $87m in 1993 and more than $200m last year.

Mr Karimov is seeking more Korean investment, particularly in electronics, cars and telecommunications, and the joint development of mineral resources. He promised yesterday in a meeting with President Kim Young-sam to conclude a double-taxation treaty and a commercial arbitration agreement to encourage Korean investments.

Daewoo, considered the most aggressive among South Korea's industrial groups in entering emerging markets, is now the largest investor in Uzbekistan with contracts totalling $750m for 50/50 joint venture projects in cars, electronics and textiles. Mr Kim Woo-choong, Daewoo chairman and founder, paid a visit to Uzbekistan in 1992.

The largest Daewoo project is its planned $650m investment in a car manufacturing plant at Andizan in Uzbekistan, which will begin operations next year and have an annual production capacity of 200,000 vehicles by 2000.

Daewoo views the car plant as its main export base in the region, with the factory supplying vehicles to neighbouring markets in Russia, Iran, Afghanistan and Pakistan.

Other Korean businesses, including the Samsung and LG industrial groups and the Samyang textile company, are also considering investments in Uzbekistan.

NEWS: UK

Export sales of machine tools up 95%

Financial Times Industry Staff

Export sales of UK machine tools were 95.5 per cent higher in the last quarter of 1994 compared with the comparable months the year before, the government statistical agency reported yesterday. Total machine tool sales in late 1994 totalled £289m, an increase of 30.4 per cent at current prices compared with the corresponding period of 1993. The sales rise in the UK was 10.8 per cent.

Sales for the whole of 1994, not seasonally adjusted, totalled £1.002bn compared with £856m the previous year. The improvement comes after a series of bad years for the industry. In 1993 total sales at constant 1990 prices had fallen 40 per cent in three years. The steep increase in sales last year still leaves machine tool manufacturers with sales a third down on 1990. Nevertheless, the results confirmed expectations that 1994 had been a better year for the industry. "Demand for machine tools in 1994 was a lot stronger than in 1993 and we expect it to continue in 1995 and even into 1996, assuming no major disasters," said Mr Geoff Noon, an official of the Machine Tool Technologies Association. The rise in exports came after recovery in US, German, French and Belgian markets, the leading buyers for British machine tools, the association said. Individual large projects in Spain and Indonesia have also lifted exports.

Using 1990 constant prices, seasonally adjusted, fourth quarter sales were 7.5 per cent up on the third quarter of 1994, the result of a rise of 14.7 per cent in export sales and a 1.5 per cent increase in home sales. Mr Noon cautioned against hope that the industry would return to its 1989 peak, because improved technology has offered tool users more productive equipment that lasts longer.

● UK car production rose strongly in January, having already reached a 20-year high last year. The January increase was driven wholly by export business, with production for the UK market dropping back. Nevertheless, with mainland European markets continuing a steady recovery, the industry has made a good start towards car output exceeding 1.5m units this year for the first time since 1974.

Last month's total output of 119,358 cars was 18.5 per cent higher than 100,768 a year before, according to official statistics yesterday. Within this total, production for output was 83.3 per cent higher, at 67,379, compared with 36,756 a year ago. But falling UK demand, particularly among private buyers, led to a 18.8 per cent drop in output for the domestic market.

Politicians condemn 'criminals and thugs' who disrupted match in Ireland

Premier apologises for football 'disgrace'

By John Mason and Simon Kuper

Mr John Major, the prime minister, yesterday apologised to Mr John Bruton, prime minister of the Irish Republic, for rioting by England football fans in Dublin on Wednesday night.

He told Mr Bruton the fans "are not the true face of Britain or of British sport." Officials in Downing Street said Mr Major still believed England should be host for the European football championships in 1996.

The Dublin violence was condemned by MPs of all parties and Mr Michael Howard, the home secretary, presented a report on it to the cabinet. Mr Major said the behaviour of a tiny minority of thugs had been "a disgrace and an embarrassment".

Mr Tony Blair, leader of the opposition Labour party, supported him, saying: "These people are not proper football fans. They are criminals and thugs and should be treated as such".

At yesterday's cabinet meeting, Mr Howard confirmed that NCIS, the national police intelligence service, had passed information about potential troublemakers to the Irish authorities before the game.

Sir Patrick Mayhew, Northern Ireland secretary in the British government, said he would apologise to the Irish authorities. Uefa, football's European governing body, has the power to appoint a new host nation for Euro 96. But it said it would make no statement before receiving a report on the Dublin violence from FIFA, football's world governing body.

The friendly was played under FIFA's jurisdiction. Mr Joao Havelange, the FIFA president, said he thought England should still host Euro 96. "That's the opinion of the president of FIFA and I'm sure it's the opinion of FIFA," he said.

Mr Gerhard Aigner, Uefa general secretary, tried to play down speculation that England would be deprived of the chance to host the championships. "I would not over-react in such a situation," Mr Aigner told Reuters Television.

"I think we should keep calm and look at what has actually happened and also appreciate that incidents with English so-called supporters traditionally happen outside England, rather than in England."

The British Tourist authority estimates that next year's European football championships will draw between 150,000 and 250,000 visitors to England. There would be income from sponsorship, the sale of 1.3m tickets, television rights, travel to the UK, and city promotion for matches involving 16 national sides in eight cities.

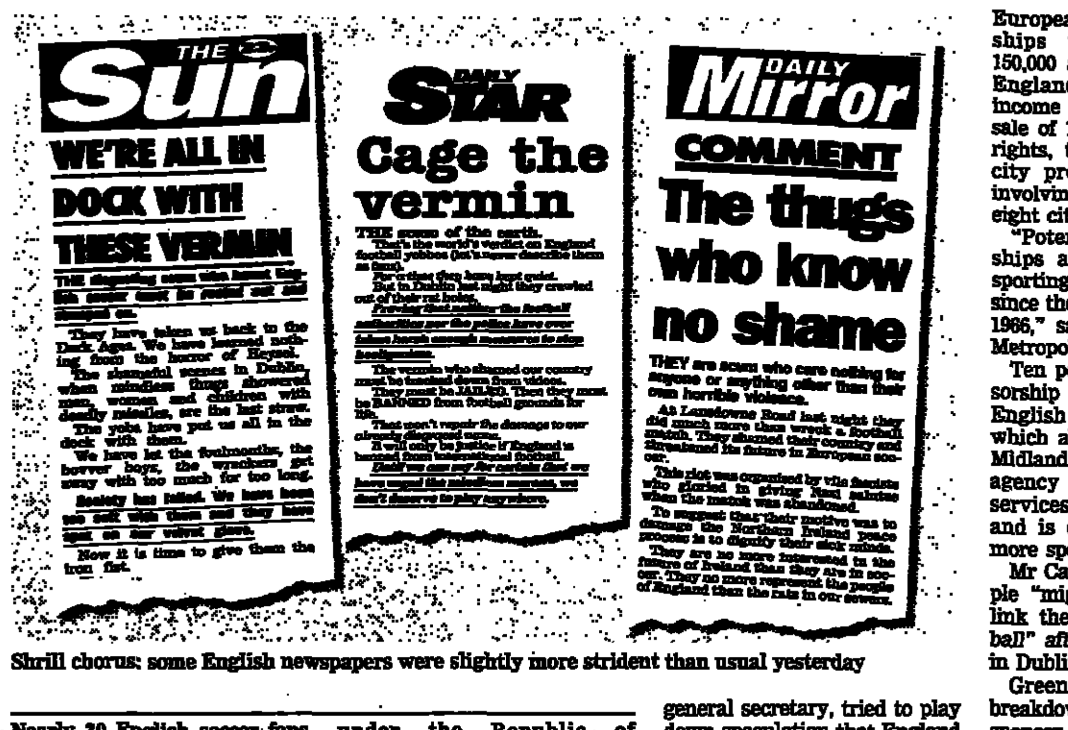
"Potentially the championships are the largest major sporting event in this country since the football World Cup of 1966," says the Association of Metropolitan Authorities.

Ten per cent of Uefa's sponsorship income will go to the English Football Association, which also has contracts with Midland Bank and the betting agency Ladbroke to provide services for the competition, and is expecting to sign six more sponsors.

Mr Cannon warned that people "might be less willing to link their products with football" after English fans rioted in Dublin.

Green Flag, the motoring breakdown company and new sponsor of the England team, said it would probably withdraw from its four-year, £4m deal with the FA if Uefa moved the championships from England. Senior executives of Green Flag watched as England fans threw missiles and fought policemen.

The FA's working budget for the championships is £14m, and it receives about 15 per cent of gate receipts and about £4m as its share of TV rights, as well as sponsorship cash.


THE Sun
WE'RE ALL IN DOCK WITH THESE VERMIN

DAILY STAR
Cage the vermin
THE scum of the earth.

DAILY Mirror
COMMENT
The thugs who know no shame
THEY are scum who care nothing for anyone or anything other than their own horrible violence.

Shrill chorus: some English newspapers were slightly more strident than usual yesterday

Nearly 30 English soccer fans appeared before the Dublin District Court on charges connected with Wednesday night's soccer violence. They all faced charges brought under the Republic of Ireland's public order law, including assault and causing a breach of the peace. Six of the accused were remanded in custody.

Major tells cabinet to stop squabbling in public

Mr John Major, the prime minister told his cabinet yesterday to cease public debate of whether European monetary union has great constitutional implications, our Political Editor writes. He was trying to defuse the ministerial row which has been threatening to tear apart the government.

Mr Major's ban on public discussion of the constitutional aspects of a single European currency, issued during a stern lecture on the need for the cabinet to present a united front and cease "speculative debate" on the European Union, were seen by some senior Conservatives as an indirect rebuke to Mr Kenneth Clarke, the chancellor of the exchequer (chief finance minister).

Senior Conservatives said last night that Mr Major had succeeded in engineering a "temporary ceasefire" in the cabinet's public feuding on monetary union and other EU issues. His manner was unusually forceful. He prefaced the remarks by saying they were not open for discussion. Their weight was reinforced by Mr Richard Ryder, the chief whip, who said Conservative backbenchers were insistent that the cabinet battle on Europe should end.

Mr Major told the cabinet that an appearance of disunity had been created. Its origin, he said, was the allegation three weeks ago that Mr Douglas Hurd, the foreign secretary, who is pro-European, had been marginalised by Eurosceptic ministers at a cabinet meeting to discuss policy for next year's EU intergovernmental conference.

Since then there have been contradictory speeches and statements from cabinet ministers on the merits of a single currency. The extreme examples were the remarks from Mr Jonathan Aitken, chief secretary to the Treasury, that he would wait "an eternity" for sterling to join a single currency and Mr Clarke's more recent utterances playing down the constitutional significance of monetary union.

Mr Major reminded ministers of their responsibilities under Questions of Procedure for Ministers (QPM) to adhere to the principle of collective cabinet responsibility. The most important QPM stricture is that if a minister speaks on a subject outside the responsibility of his deparment, he must clear the speech or broadcast with the responsible minister.

Some of Mr Clarke's supporters saw this as reinforcing his position, since the chancellor has responsibility for British policy on monetary union.

Mr Clarke has caused consternation among many Conservatives by his statements that the important criteria for judging the merits of a single currency are economic rather than constitutional.

More than £9m lost in fraud at public agencies

The government has admitted that more than £9m has been lost through fraud cases in the civil service and quangos over the past five years, our Westminster Correspondent writes. Quangos are "quasi-autonomous non-governmental organisations" in which members are appointed by government ministers. They are also known as non-departmental public bodies (NDBPs).

In a parliamentary answer to Mr Alan Milburn, a Labour member of the House of Commons public accounts committee, Sir George Young, a junior minister at the Treasury, conceded that the real figure could be considerably higher.

Sir George said: "The data include NDPB staff frauds where these have been reported by departments. However, complete data on frauds in NDPBs are not held centrally." The statistics, which did not give a breakdown of the type of frauds involved or the amount involved in each instance, showed that in 1993-94 a total of £1.69m was lost. The overall sum was lower than two previous years, but the number of specific cases was the highest at 352.

The five-year total amounts to £9.13m from 1,358 discovered frauds.

Mr Milburn said: "The taxpayer is the innocent victim of inadequate financial controls in Whitehall. But these figures are just the tip of the iceberg. Until quangos are made properly accountable the real level of fraud will go unreported. Farming out services to agencies and quangos has put public money at risk." He said he would demand tougher official monitoring and auditing of quangos.

Young workers shun unions

By Robert Taylor, Employment Editor

Trade unions suffered a "massive" fall in the number of young members during the recent recession, the Trades Union Congress said yesterday.

Between spring 1990 and autumn 1993, the number of union members under 25 dropped by nearly 40 per cent from 1.083m to 657,000, an unreleased TUC report based on government figures shows.

The number of young workers under 20 in a union fell by 63 per cent. That compares with an overall drop of 10 per cent in the number of workers in unions over the period.

The TUC figures, calculated from the government's Labour Force Surveys, show that fewer than one in 10 people under 20 was in unions by autumn 1993, and only 22 per cent of those aged between 20 and 24.

Unionisation rates for young people fell by 7 per cent compared with a drop of 3 per cent to 5 per cent among the over-25s.

The TUC estimates that only a quarter of those under 20 are employed in workplaces where unions are recognised by employers for bargaining purposes. On average, 49 per cent of all employees work in recognised workplaces.

The TUC says: "The worsening labour market position of young people is clearly a major factor [in declining membership], including the shift to part-time work and the greater marginalisation of young people in the labour market into insecure and low-paid jobs in private services and smaller workplaces where unions are less well established."

The report also points out that the number in the employed workforce under 25 dropped by 22 per cent between 1990 and 1993 while there was a 9 per cent decline in the number of people in the under-25 age group.

Other reasons for the decline in union membership include the rise in the number of young people in higher education, as well as the increase in unemployment among the under-25s, the TUC says. It also points out many of the "traditional entry routes" into the unions through apprenticeships have gone.

The report also shows that only 23 per cent of employees in the private sector in 1993 were in unions, compared with 63 per cent in the public sector. Thirty-one per cent of all those in work belonged to unions.

UK NEWS DIGEST

Minister opens search for unfair state aid to steel

A group to check on state aids and unfair practices in the European steel industry was launched yesterday by the UK's Department of Trade and Industry. The Steel Subsidies Monitoring Committee will include representatives of British Steel, the British Iron and Steel Producers Association, the DTI and other government departments.

Mr Tim Eggar, the industry and energy minister, said. "I am determined to fight for a level playing field for the UK steel industry. The exceptional granting of state aid to steel producers in countries such as Italy, Spain and Germany must be rigorously monitored."

The committee, supported by a £20,000 ($31,000) DTI grant, will gather information on the restructuring of six steel producers in Spain, Italy, Germany and Portugal, whose aid packages totalling Ecu 7bn ($8.5bn) were agreed by European Union industry ministers in December 1993.

Mr Eggar said the European Commission had the central role of ensuring that state aid was used only for the agreed purpose of restructuring. The committee will pass any evidence of illegal subsidies to the Commission. *Andrew Baxter*

Secrecy on sell-off attacked

The opposition Labour party accused the government of "gagging parliament" after it refused to provide details of the sums paid to individual consultants advising it on rail privatisation. Mr John Watts, rail and roads minister, said payments to advisers totalled £17.1m ($26.5m), but individual amounts could not be disclosed because they were commercially confidential. Details were given in July 1994, the last time the Labour party asked for them. Ms Glenda Jackson, Labour's transport campaign co-ordinator, said: "This ban is not just an insult to parliament, it is an insult to the people of Britain who are watching their taxes wasted on this shambolic privatisation." *Charles Batchelor, Transport Correspondent*

Big surplus on national budget

The UK recorded a substantial budget surplus last month, with buoyant corporation tax receipts strengthening expectations that the public sector borrowing requirement for this financial year will match or undershoot the £34.3bn forecast by the Treasury last November. The Treasury and the government's statistical office reported yesterday that the public sector repaid a net £2.99bn of debt in January after borrowing £456m in December. The December borrowing figure was revised down from the £677m reported last month. The cumulative PSBR for the first 10 months of the 1994-95 financial year was £20.1bn, down from £29.6bn in the corresponding 1993-94 period. *Peter Norman, Economics Editor*

Phone rivalry intensifies

leading mobile phone operator, is introducing a new tariff aimed at personal and residential subscribers designed to increase its lead in the emerging market for mobile digital telephony. Digital telephony, which offers improved quality and a broader range of services, will eventually dominate the mobile communications market. It is being adopted mainly by business customers.

Vodafone has an estimated 118,000 digital subscribers compared with an estimated 20,000 for Cellnet, its chief rival. Earlier this week Cellnet said it would spend up to £700m over three years to upgrade its network, chiefly by extending its digital services. The two companies are battling for overall market leadership. Vodafone with 1.64m customers for analogue and digital services is slowly being overtaken by Cellnet with 1.56m. Cellnet is owned by British Telecommunications, the former state utility, and Securicor. *Alan Cane*

Company quits rail consortium: Blue Circle, the cement group, is to pull out of the London & Continental Railways consortium, which is bidding for the contract to build the high-speed Channel tunnel rail link. Construction of the 108km line is due to begin in 1997. "There is very little we could contribute in the early years because we are not railway engineers," said Mr John McCready, a director of Blue Circle Properties. The other members of the consortium are consulting engineers Ove Arup and Sir William Halcrow; Bechtel, the US construction group; Sofrerail, French consultants; the Virgin Group; and National Express, the coach company.

Accounting pay surges: Pay in accounting jobs is racing ahead of inflation, says Accountancy Personnel, a large recruiter for the financial sector. It says salaries for accountancy trainees have risen 9 per cent in the past year, while those of finance directors have gone up by 6.5 per cent. Official figures show that average earnings rose 3.75 per cent in the 12 months to December 1994.

Cola fizzes: Sainsbury's Classic Cola, the own-brand drink launched by the Sainsbury retail chain last April, accounted for 11 per cent of the UK cola market in the nine months to January, says Nielsen, the market research group. Comparable shares were 49.2 per cent for Coca-Cola and 18.3 per cent for Pepsi.

Terrorism cover: A new terrorism insurance cover scheme for commercial property has been launched by a group of brokers as an alternative to Pool Re, the government-backed reinsurance company. The brokers, which include Willis Corroon and Sedgwick, say the new policies will offer cost savings.

Tycoons wary of single EU currency

By By Peter Marsh and David Wighton

Many of Britain's top business executives feel sceptical or hostile to the idea of the country joining a single currency bloc across the European Union by the end of the century. The result of a Financial Times survey may surprise those who believe that, while politicians may argue about the merits of economic and monetary union (Emu), British business broadly favours a common currency and a single EU central bank.

Most industrialists think the UK will benefit from close economic and political EU links, but few believe joining European economic and monetary union by 1999 should be a priority. These are the main conclusions of Financial Times interviews with senior executives from 21 leading UK companies. Only six were keen for Britain to join Emu under the Maastricht treaty schedule; the others voiced varying degrees of opposition or scepticism.

Several of those interviewed think the UK economy might suffer if Britain stayed outside a European economic union agreed by other countries around 1999, but many believe any benefits would be offset by the political disadvantages of handing control of vital elements of economic policy to a pan-European bureaucracy.

Lord Weinstock, chief executive of GEC, the electricals group, said: "A single European currency would remove some inconveniences for the business community, but the benefits would be negligible compared with the risks involved. In my view, an Emu would be a decisive step towards [European] political union. If other countries went ahead with Emu without Britain, I cannot see this making much difference to a company like GEC."

FT survey of opinion among leading industrialists

Mr Roger Leverton, chief executive of Pilkington, the glassmaker, said: "The single currency is a good idea in principle if economies run at the same rate. The problem is that they don't."

Among leading Emu enthusiasts was Mr Sipko Huismans, chief executive of Courtaulds, the chemical company. He said a single currency would reduce costs, ease economic planning and increase investment. "It would be a grey day if Britain didn't join in with other countries in Emu. In an integrated global economy, Britain lost control some time ago of its ability to control the money supply and set interest rates."

Also in favour of an early move to economic union, on the grounds that it would lead to long-term reductions in inflation and borrowing rates across Europe, was Sir John Banham, chairman of the Tarmac construction company. "I'd be in favour of any steps that constitute an external discipline on the ability of the Treasury, Bank of England and UK politicians to mess things up," he said. "I would not lie awake for one moment worrying about the sovereignty of parliament. They are the people who have presided over disaster after disaster."

But others worried about ceding control of an important area of economic policy to a group dominated by non-UK interests. Sir Alistair Grant, chairman of the Argyll supermarket group, said: "I'd like to see some of the existing European Union policies working better before we entered Emu. If we can't manage the common agricultural policy, how are we going to manage a common currency and single central bank which are much more fundamental?"

Mr Rod Sellers, chief executive of plastics maker British Vita, said: "I don't see a grass roots desire for a common currency among our continental competitors. It might involve a layer of bureaucracy which would be stultifying and offset the advantages of price stability."

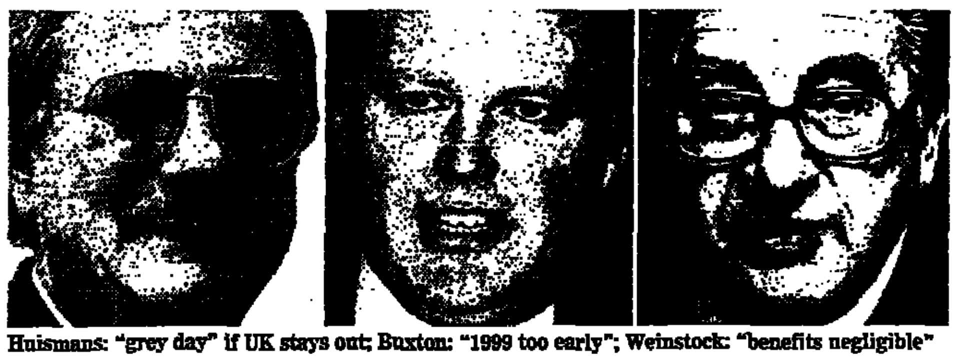
Others were broadly in favour of a common currency, but believed the economies of different European countries were unlikely to have moved close enough for economic union by the end of the century as set out in the Maastricht treaty.

Mr Andrew Buxton, chairman of Barclays Bank, said: "I am quite sure that 1997 [which the treaty says is the earliest date for Emu to happen] is too early, and there are doubts over 1999 too." Mr Martin Clark, finance director of Northern Foods, said the Maastricht timescale looked "a bit tight" while Mr Michael Hartnall, finance director of Bowater, the paper and packaging group, said: "It's pie in the sky to say we could throw the switch and be ready for it in 1999."

Mr Kent Atkinson, chief financial officer at Lloyds Bank, said the UK would have more problems than most European nations in joining a currency union. "Britain is an island and is used to be being king of the castle. A lot of people would be very reluctant to give up the pound."

In contrast, Sir Patrick Sheehy, chairman of BAT Industries, the tobacco and insurance group – and a confirmed Emu supporter – would welcome the demise of sterling. "I'd rather be paid in a [single European] currency that has more stable characteristics than the pound has had during the 45 years I've been employed."

For a large group of Emu sceptics, the main worries related to the economic strains that could be triggered by different countries being bound by a single pan-European interest rate while managing their taxation and public spending policies according to widely differing criteria.


Huismans: "grey day" if UK stays out; Buxton: "1999 too early"; Weinstock: "benefits negligible"

Mr David Verey, chairman of Lazard Brothers, the merchant bank, said it would be "lunatic" to have a pan-European monetary policy before proper consideration of these questions.

Some of the other doubters thought policymakers had not taken enough account of lessons from Britain's forced exit from the European exchange rate mechanism in 1992. Mr Derek Stevens, chief financial officer at British Airways, said: "If we entered Emu in a hurry, it could be extremely damaging. We should remember the ERM when we joined at completely the wrong time."

Mr Clive Thompson, chief executive of Rentokil, the environmental services company, said : "The problem with the ERM was that the Bundesbank acted as a German bank. It is very important, if a single currency is to work, that the European central bank acts as a European bank."

Among the Emu enthusiasts, Mr David Simon, chief executive of British Petroleum, would be concerned if a fairly large core of countries went ahead with Emu in 1999 leaving Britain out. "Britain should be involved right at the start so we can play a full part in designing the mechanics of how the system will operate."

Sir Colin Southgate, chairman of Thorn EMI, said international companies would "think twice" about the UK as a base for the EU if it was not in the inner core, while Mr Pat Dyer, chief executive of BOC group, the industrial gases company, said: "If other European countries went ahead with EMU without Britain, I'd wonder long-term about how the British economy was going to work out."

These fears were dismissed by Mr Roger Sainsbury, corporate development director at the John Mowlem construction company. "It wouldn't be a disaster if Britain stayed out," he said. "The purely domestic aspects to economic management are more important than whether we form part of a currency union."

Mr Phil Cox, finance director at Asda, the supermarket group, said: "We need to be linked to the rest of Europe but it does not do any harm to have a stand-offish approach [on European policies]. So far Britain seems to have done reasonably well by being reasonably awkward."

RECRUITMENT

JOBS: People management could be at the centre of a City crisis

Reviving the spirit of Siegmund Warburg

In the midst of the present crisis at S.G. Warburg, there has been one short statement which could prove instructive for other company managements.

It was a statement that might have been viewed cynically had it not been for the track record and background of the man to whom it is attributed – and the fact that rarely in the circumstances in which it was spoken do people tend to hide the truth.

When Maurice Thompson, the 36-year-old co-head of Warburg's equity capital markets, announced *his resignation last week he said:* "I'm not doing it for the money."

Cynics would point immediately to the £6.4m combined salary package rumoured to have been paid to Thompson and Michael Cohrs, the other co-head, by Morgan Grenfall. Not quite enough to beat Manchester United's record signing, but still tidy sums.

Not until managers digest Thompson's words, however, and accept them as genuine, can they begin to analyse what must be achieved at Warburg and any other company facing similar problems.

Sir Siegmund Warburg would have wept at the loss. Thompson seemed to have many of the qualities that Warburg strove to develop in his executives, although it has been suggested that he and Cohrs would have enjoyed less prominence under the old regime.

Siegmund Warburg spent much of his time building a team of youthful recruits. He even took time himself to tutor younger staff. The result was that by 1965 nearly half of his directors were under 45 and four of these were in their 30s. Warburg rejected the idea of perpetuating a dynasty in favour of a meritocracy.

The track record of Thompson suggests that loyalty had not completely disappeared. He joined the company as a graduate 15 years ago and worked his way up. Much of the old team spirit, however, seems to have deserted the company. So what went wrong?

First its merger talks with Morgan Stanley foundered. Then, unable to expand its business, it was forced to lay off 180 traders and virtually pull out of the international bond market.

At about the same time it suffered the break up of its highly rated media team when three of its four members moved to Panmure Gordon, the stockbroker. According to *City recruiters, there was dissatis*faction in the team about the disciplining of a junior employee who had been criticising management when outside the company. Members of the team were said to have been shocked at what was seen as a mangement witch *hunt to find* the individual.

The recruiter said: "That is the sort of thing that managements do when they are losing control."

Thompson and Cohrs, are displaying traits recognised in a number of *recent executive departures in US* companies, including Texas Instruments, Kodak and Goldman Sachs. Rising stars of all three businesses have recently left to set up or head new or expanding competitors.

The size of their salaries, apparently, has been less important than the opportunity to develop a promising business as opposed to shrinking or restructuring the empires they have left behind.

Their motives could be simply dismissed as reflecting a desire to be a bigger fish in a smaller pool, but there seems to be other reasons behind the moves. One problem with rationalisation programmes typical of shrinking companies is the *impact they have on loyalty.*

Loyalty in the dealing rooms lies more with the team than with the employer – just as it does with groups working in any pressured environment. Little wonder, then, that one defection often leads to a *whole team changing sides.*

Another feature of loyalty, if it is to bond employees to a business, is that it must work both ways. The investment banks, however, have often been both too slow and unimaginative in tackling some of *the employment issues created by* their business. Where they have worked at retaining loyalty, it has often been in the design of reward packages. Pressure of work, long hours, difficult working conditions all seem to be ailments treated with the same crude remedy: large amounts of money, applied at frequent intervals.

According to one trader, some of the Warburg employees were working from eight in the morning until nine in the evening.

What the banks have conspicuously failed to recognise is that while money remains a marvellous *tonic it is not necessarily a prime* motivation for the type of individuals sucked into these business. It may be that the transient nature of the securities industry makes it difficult to bind-in expertise. "Everybody wants to have a culture like J.P. Morgan but it isn't easy to do," said one City management consultant. The answer seems to be in the way the organisation is led. If some of Sir Siegmund Warburg's management style could be revived it may help to bring the bank back on course.

Some of Warburg's problems are by no means unique. Clear-outs and *departures* are a *hallmark* of the industry. There can be, however, a human cost in this environment which employers should address. If people have complaints about management, then they should be heard. A little upward appraisal can be a salutary experience.

Sir David Scholey's challenge will be to restore not only some equilibrium to the company, but to rekindle some of the spirit of Siegmund Warburg in order to keep its talented people on board.

Richard Donkin

SALARIES, BONUSES AND CAR ALLOWANCES IN CITY OF LONDON FINANCE

Position	Lower quartile £	Median salary £	Upper quartile £	Average salary £	Avge bonus %	Car allowance % with	Car allowance Avge amount £ a year
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Capital markets head	127,500	146,250	166,000	146,750	117.8	60	9,200
Bond sales head	85,000	95,000	106,250	95,643	35.9	71	10,416
Fund management director	108,500	125,811	155,000	129,104	27.7	67	8,275
Eurobond trading head	86,042	100,000	125,000	102,523	73.2	85	7,161
Equity trading head	85,164	110,000	150,000	110,000	76.1	40	7,456
Private banking head	74,301	91,000	95,000	87,320	3.8	71	7,447
Head of research	82,500	95,750	110,000	101,768	40.6	50	7,609
Financial director	64,100	78,900	100,000	89,092	34.4	53	8,076
Chief fx dealer.	66,509	79,750	90,430	78,795	43.0	44	6,136
Personnel director	57,700	68,000	80,000	66,395	31.5	87	6,900
Legal services head	52,750	65,000	70,268	64,663	42.3	90	6,872
Money markets head	57,000	64,050	70,000	69,044	30.5	51	5,757
Dataprocessing Director	56,946	67,000	73,500	67,384	25.3	61	6,780
Credit manager	36,036	41,550	45,501	40,729	8.2	35	5,010
Customer services head	26,430	30,000	38,000	31,851	7.5	19	4,831

Source: Day Associates, Suite 2.31, 75 Whitechapel Rd, London E1 1DU tel (0)71 375 1397, fax (0)71 375 1723

● The above table has been compiled from the latest Day Associates' quarterly survey of pay and benefits covering 315 jobs in 131 banks and finance houses. The first three columns show average basic salaries for various rankings in the same type of job. The next shows average basic salary, then *bonus* paid as a percentage. The last two columns indicate the percentage of people with car allowances and the average amount.

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DFC Training Group congratulates our successful Diploma candidates.

We are very pleased to be able to announce that 56% of our candidates passed the December examination, against the average of 40%, and that our candidates took all the Distinctions.

DFC Group is also pleased to announce that it has been re-accredited by Forex Education to run the next Diploma evening class programme (two evenings a week from 14 March) and to launch the new one-day-a-week programme (seven Mondays from 27 March).

Details from DFC (44-1797-224446) or Forex Education (44-171-626-4077)

DERIVATIVES MARKETING

£HIGHLY NEGOTIABLE, LONDON BASED

Rare opportunity for exceptional marketers to join an expanding, highly rated Global Derivatives Group.

We have been retained by a highly respected derivatives group with strong parentage and credit rating. Already established in core derivative markets, they are expanding into new product areas utilising state of the art technology and their strong market reputation. As part of their growth strategy, they are seeking to expand the Global Derivates Marketing Group in a number of different customer, product and geographical areas.

Our client is interested in meeting experienced marketers with established customer relationships amongst market professionals and corporate users of asset and/or liability management products. Geographically, they are interested in making further inroads into continental Europe, the USA and Asia. Marketers with at least two years experience servicing customers in these regions are of particular interest. Strong technical ability and a thorough understanding of derivatives applications is essential. Languages, whilst preferable, are not essential.

For a confidential, initial discussion on these opportunities, please contact Michael Brennan or Mathew Rowlands on 0171 242 9000 or outside of office hours on 0973 391426. Alternatively, write to Alexanders, Mann & Partners, Alexander House, 9-11 Fulwood Place, London WC1V 6HG. Fax No: 0171 405 6434.

ALEXANDERS, MANN & PARTNERS

SEARCH • SELECTION

Controller/F&A Manager

The Business Unit Philips Automotive Playback Modules, with main office in Wetzlar, Germany, produces high quality products for the automotive industry worldwide.

Apart from a competence and production centre in Germany, the company has manufacturing facilities in Hungary, Mexico and Malaysia as well as sales offices in Europe, the US, Latin America and the Far East.

Sales are for 45 % in the US, 40% in Western Europe and the remainder in other countries.

For this Business Unit we are looking for a **Controller / F&A Manager**

As a member of the international management team, this manager will have the responsibility for the following activities:

- General Controlling
- Evaluation business opportunities
- F&A for all international activities
- Asset management
- Management Information
- Cost Engineering

We are looking for a personality with international experience, who sees the global entrepreneurial responsibilities as a challenge.

You are the right candidate, when you have experience in an international – preferably US- company with an MBA-background. If you think you are the right man for this challenging job then please contact:

Philips GmbH
Automotive Playback Modules
Personal- und Sozialwesen, Herrn Henkel
Philipsstraße 1, D-35576 Wetzlar

PHILIPS

PHILIPS

Capital Markets Credit Risk

London **£ Excellent**

Our client is a leading European Bank, with a truly international Capital Markets operation. It provides a full and innovative range of products and services to a prestigious client base worldwide. These include currency and interest rate swaps and options, fixed income and equity derivative products and specialised financial instruments.

There now exists a senior level position within the Capital Markets Credit Department. This area conducts, monitors and controls the entire credit and risk management process for all capital markets transactions.

Key responsibilities of the role include:

- meeting and evaluating potential counterparties in close co-operation with the marketing desk;
- conducting analysis on a financial, country and product basis;
- analysis and presentation of risk to credit committee;
- assisting with training and development of junior team members.

The successful individual, ideally aged mid 30's, will have a rigourous approach to credit risk management and possess a good understanding of capital markets products and activities. The seniority of the role demands confidence and maturity combined with strong communication skills.

This is a superb opportunity to join a bank renowned for excellence. The salary package will reflect the importance attached to the position and will entirely reflect experience.

Interested candidates should contact Tim Smith on 0171 831 2000 or write to him enclosing a full curriculum vitae at Michael Page City, 39-41 Parker Street, London WC2B 5LH. Fax: 0171 405 9649.

MP

Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Sydney

Mutual Fund Sales Role

Fluent German

UK Merchant Bank

Our client, the asset management subsidiary of a leading merchant bank, is highly regarded for its consistently strong investment performance record. Mutual funds under management now stand at £3 billion. A new opportunity has been created for a talented linguist and sales specialist to market a range of mutual funds in Germany and Scandinavia.

Based in London, you will be responsible for selling the company's range of mutual funds to professional investors primarily in Germany and Scandinavia. Your role will involve the provision of a top quality service to new and existing clients in particular making presentations to groups of advisers and their clients as well as new business development.

It is essential that you are fluent in German and willing to travel frequently. You have an in-depth knowledge of investment markets in addition to a successful sales record. You are aged between 28 - 45, a confident public speaker, highly ambitious, career orientated and most likely to be based in London.

An attractive remuneration package including a competitive basic salary, bonus and Banking benefits will be offered to the successful candidate. To apply please write enclosing your cv, (explaining in detail your investment sales record and current salary package), quoting reference 1088 to Fiona Law at FLA Ltd, 211 Piccadilly London W1V 9LD. Tel: 0171-738 9732.

FLA

SEARCH. SELECTION AND CONSULTANCY SERVICES

FUND MANAGER

INTERNATIONAL FIXED INCOME

Competitive Salary plus Benefits

Murray Johnstone, one of Scotland's leading investment management companies, seeks an additional member for its international fixed income team. Funds under management in this area are approximately US$1billion, with increasing opportunities for further expansion from an international base of clients and contacts.

Ideally, candidates, aged around 27, should be educated to degree level, with 3-4 years' experience in an active fixed income environment. Experience of managing currency hedged portfolios would be particularly advantageous and a strong quantitative background is mandatory. As well as managing portfolios, the successful candidate will participate in the development of investment strategy and be involved in making presentations to existing and potential clients. Good communicative skills are therefore essential.

If you are interested in this exciting and challenging role, please write, giving relevant personal and job details to: Mrs Anne Blair, Personnel Adviser, Murray Johnstone Limited, 7 West Nile Street, Glasgow G1 2PX.

MURRAY JOHNSTONE

A member of IMRO.

Private Sector Development Specialist

(Project Finance)

The World Bank, the leading multilateral lending agency in the field of global economic development, seeks a French speaking *Private Sector Development Specialist in Project Finance* for a position in Washington, D.C., USA.

The position requires:

- **An advance degree in Finance, Economics and/or Engineering**
- **Fluency in French**
- **A minimum of seven years work experience in privatizing and restructuring of large scale enterprises, such as utilities, including extensive experience with the financial aspects of privatization projects**

Confidential applications with detailed curriculum vitae, indicating advertisement **Code PSF**, should be faxed to: (202) 477-1831, or mailed to: **The World Bank, Recruitment Division, PSF Adv., 1818 H Street, N.W., Room 0-4158, Washington, D.C., 20433, USA, within 14 days.**

The World Bank

Dresdner Bank

RESULTS OF DECEMBER 1994 EXAMINATION

First Name	Last Name	Company	Excent	Status	Dist
Baudouin	de Hemptinne	Bank Brussel Lambert	BRUSSELS	PASS	No
Luc	Destoop	Kredietbank N.V.	BRUSSELS	PASS	No
Peter	Sipos	BNP-KH-Dresdner Bank RF	BUDAPEST	PASS	No
Janos	Tohc	Central European Int. Bank. Ltd.	BUDAPEST	PASS	No
Sunhil	Madhan	National Bank of Dubai	DUBAI	PASS	No
Mukesh	P. Punjabi	National Bank of Fujairah	DUBAI	PASS	No
Mohammed	Ramzan	Union National Bank	DUBAI	PASS	No
Johanne	Sunnasekera	ANZ Grindlays Bank	DUBAI	PASS	No
Joan	McEwan	Ulster Bank Ltd	DUBLIN	PASS	No
Fraser	Devlin	Royal Bank of Scotland	EDINBURGH	PASS	No
Helen	Johnson	Royal Bank of Scotland	EDINBURGH	PASS	No
Ricardo Jose	Valdivia Schneider	Banco Santander	FRANKFURT	PASS	No
Matthew	Adams	Unibank A/S	LONDON	PASS	No
Didi	Ager	Pareto Partners	LONDON	PASS	No
Jeremy	Andrews	Reuters Ltd	LONDON	PASS	No
Simon	Amos	Barclays de Zoete Wedd	LONDON	PASS	Dist
Ian	Arrowsmith	Union Bank of Finland	LONDON	PASS	No
Chris	Banyard	Banco Ambrosiano Veneto	LONDON	PASS	No
Graham	Bibby	Deutsche Bank A.G.	LONDON	PASS	Dist
Sobrata	Biswas	State Bank of India	LONDON	PASS	No
Richard	Booth		LONDON	PASS	No
Mark	Cooper	Bank Brussels Lambert	LONDON	PASS	No
Ian	Davies	ING Bank	LONDON	PASS	No
Andrew	Doe	Lloyds Bank PCL	LONDON	PASS	No
Sherin	Elvey	Chase Investment Bank	LONDON	PASS	No
Janet	Fisher	Reuters Ltd	LONDON	PASS	No
Lee	Foster	Martin Bierbaum	LONDON	PASS	No
Russell	Francis	Midland Global Markets	LONDON	PASS	No
Martin	Goodwin	Barclays de Zoete Wedd	LONDON	PASS	No
Zafar	Hasnain	Habibsons Bank Ltd.,	LONDON	PASS	No
Ismo	Hyppunen	Union Bank of Finland	LONDON	PASS	No
Clive	Johnson	Lloyds Bank	LONDON	PASS	No
Helen	Johnson	Lloyds Bank	LONDON	PASS	No
Brian	Kiely	Royal Bank of Scotland	LONDON	PASS	No
Dmitry	Konov	Int. Co. for Finance & Investments	LONDON	PASS	No
Elena	Lopez Egido	C.E.C.A.	LONDON	PASS	No
Elizabeth	Lynch	Royal Bank of Scotland	LONDON	PASS	No
Rod	Marlin	Banco Ambrosiano Veneto	LONDON	PASS	No
Gary	Mitchell	Banca Serfin	LONDON	PASS	No
Killian	Murray	Barclays de Zoete Wedd	LONDON	PASS	No
Julie	Robinson	Charterhouse Bank Limited	LONDON	PASS	No
Ray	Smith	Royal Bank of Scotland	LONDON	PASS	No
Sasikala	Srinivasan	State Bank of India	LONDON	PASS	No
Stephen	Stokes	Kuwait Investment Office	LONDON	PASS	No
Danny	Trump	Lloyds Bank	LONDON	PASS	No
Nicholas	Wadham	E.D.& F. Man International	LONDON	PASS	No
Tim	Walden	Deutsche Bank A.G.	LONDON	PASS	No
Jerome	Berrend	Credit Europeen S.A.	LUXEMBOURG	PASS	No
Steven	Castle	State Street Bank Luxembourg S.A.	LUXEMBOURG	PASS	No
Dietmar	Elbers	Deutsche Bank AG	LUXEMBOURG	PASS	No
Anil Kumar	Jain	Bank of Baroda	LUXEMBOURG	PASS	No
Gunnar	Michielsen	Kredietbank N.V.	LUXEMBOURG	PASS	No
Cedric	Pauwels	Banque Bruxelles Lambert	LUXEMBOURG	PASS	No
Claude	Quinton	Bank of Bermuda (Lux) S.A.	LUXEMBOURG	PASS	No
Markus	Theisen	Kliea Carl S.A.	LUXEMBOURG	PASS	No
Einar Palmi	Sigmundsson	Islandsbanki hf	REYJAVIK	PASS	No
V.	Ramanuj	Arab National Bank	RIYADH	PASS	No
	Chang Chio Jin	Bankers Trust	SINGAPORE	PASS	No
Joseph	Lee Poh Mun	Union Bank of Switzerland	SINGAPORE	PASS	No
Andrew	Quek Chee Hock	Unibank	SINGAPORE	PASS	No
	Teoh Wan Ean	ABN Amro (Asia)	SINGAPORE	PASS	No
Percy	Tham	Bankers Trust	SINGAPORE	PASS	No
Gerard	Tong Kum Keong	Peregrine Futures	SINGAPORE	PASS	No
	Wong Kung Yung	Union Bank of Switzerland	SINGAPORE	PASS	No
Clifford	Yeo Chan Hin	Bankers Trust	SINGAPORE	PASS	No
	Yong Chin Wah	Overseas Union Bank	SINGAPORE	PASS	No
Justin Patrick	Clapham	Royal Bank of Canada (CI) Ltd	ST HELIER	PASS	No
Richard	Geering	N. M. Rothschild & Sons (CI) Ltd.	ST HELIER	PASS	No
Phillip Timothy	Lee	Republic National Bank of New York	ST HELIER	PASS	No
Marie Antoinette	Hicrod-Cacnoud	Union Banque Privee	ZURICH	PASS	No
Stephan	Wenger	Union de Banque Suisse	ZURICH	PASS	No

DIRECTOR - PROJECT FINANCE

Westminster **£Neg**

The Capita Group Plc is one of the fastest growing listed groups servicing a range of blue chip public and private sector clients.

As part of the planned expansion of our Corporate Finance subsidiary we require a director to develop further our project finance service, especially to the Public Sector under the PFI.

You are probably aged early to mid 30's with a minimum of 5 years project finance experience.

You must also have excellent negotiating, analytical, interpersonal and communication skills with the ability to accurately assess risk.

Please send your CV with details of your present package to Ian Smith, Managing Director, Capita Corporate Finance Limited, 71 Victoria Street, Westminster, London SW1H OXA.

CAPITA

INVEST IN EXPERTISE :

Hire a Shipping Specialist.

With more than ten years of experience in voyage analytical accounting systems and thoroughly familiar with computer technology inherent in this highly demanding field, 35-year-old Swiss executive of Greek origin is currently available for employment.

Whether you want to create or develop your shipping department in Switzerland, or simply hire a talented professional who works *independently and prepares* complete reports per vessel, voyage and year, please write to Box 132-766'158, Publicitas Léman, 1002 Lausanne, Switzerland.

INTERNATIONAL COMMODITY TRADING COMPANY

FINANCIAL OFFICER

The successful candidate will have a minimum of 2 years work experience in a bank as an Account Officer, preferably involved in commodities trade finance or a Junior Account Officer. However, candidacies of bankers with experience in corporate banking or structured financing are welcome.

The role involves liaison between the different parties *involved in trade-related* financing or barter transactions, within and outside the Company. In addition to banking experience, good *communication and organisational* skills are essential. The candidate should be comfortable in structuring transactions independently and be prepared to *travel abroad* on a regular basis.

Fluency in Spanish would be an advantage.

Preferred age range: 24 to 28.

Write to: Box A5115, Financial Times, *One Southwark Bridge*, London SE1 9HL.

I. D. E. A.

FOREX STRATEGIST

I.D.E.A. the premier on line analytical service seeks a Forex Strategist to join its global research team in London. The ideal candidate should have experience of analysing foreign exchange markets and be comfortable working in a fast paced environment. A strong economics background is preferred. Responsibilities include formulating currency strategies in conjunction with our team of chart analysts/economists, with an emphasis toward European currencies. Our written commentaries are distributed to our worldwide client base of 1500 institutions. Widespread client and media coverage are also encompassed within the position.

In exchange a competitive compensation package is offered.

Please forward your CV to Mike Gallagher at:

IDEA Ltd, Lincoln House, 296 High Holborn,
London WC1V 7JH or phone 071 430 2888.

BANKING WITH LANGUAGES

ACCOUNT OFFICER - FLUENT RUSSIAN C £30K + Pkg

Private bank seeks individual with min. 2-3 yrs banking exp. - ideally in Invest. Mgt. English m/t preferred.

SENIOR CREDIT ANALYST - FLUENT ITALIAN c £35k + Pkg

MARKETING OFFICER - CORPORATE BANKING - GERMAN ADVANTAGEOUS c £40K + Pkg

Must have excellent origination and deal completion record in a particular industry eg. Film/Property Financing. Min 10 yrs exp. req'd.

CREDIT ANALYST - FLUENT GERMAN c £30k + Pkg

Min. 2 yrs relevant exp. req'd.

ACCOUNT OFFICER - SOUTH AFRICA c £30k + Pkg

Previous banking exp. in S. Africa is req'd to join Private Banking Division of City Bank.

ACCOUNT OFFICER - FLUENT MANDARIN/CANTONESE c £30k + Pkg

Min. 2 yrs banking exp. req'd.

Please call Euro London Appointments
Hare Place, 47 Fleet Street, London EC4
Tel: 0171 583 0180 · Fax: 0171 353 9849

APPOINTMENTS WANTED

GENERAL MANAGER

Canadian/German seeks new worldwide job opportunity. 18 years P & L responsibility for worldwide healthcare markets. Electronic Consultant with English/German/French/Spanish. Worked for Pfizer, Becton Dickinson and Medtronic. 47 years of age. Please reply to M. Bock - Fax. 00-49-6201-57664

CANTELLA & CO., INC. has openings in New York and Paris *for experienced, Eurobond* Sales, Trading and Brokerage Personnel specializing in Fixed Income and Emerging Market Eurobonds. Please fax resume *to: USA 212-513-7029 or* Call USA 212-513-7020

INTERNATIONAL FUND NEEDS INVESTMENT BANKERS to deal with high net worth individuals, banks, insurance co, and funds. Excellent compensation and benefits. Must have 10 yrs experience. Fax resume New York 212-758 8137.

ACCOUNTANCY APPOINTMENTS

BTEC

Business & Technology Education Council

Finance Director

c.£60,000 **London**

Key appointment, reflecting the need for business management skills following the recent change of BTEC to a commercial, self-financing status.

BTEC
- Produces a wide range of vocational education and training qualifications. Over 300,000 student registrations.
- Operates in a rapidly changing and highly competitive market.
- Annual revenue £21m, 260 employees, 1500 specialist part-time advisers. Company limited by guarantee.

THE POSITION
- Responsible to Chief Executive for financial reporting and control and for information systems. Manage a department of 27 staff.
- Ensure management action generates adequate surpluses for reinvestment in long-term development.
- Contribute to the formulation of strategic business plans, providing analytical frameworks for scenario planning and assessment of risks and opportunities.

THE INDIVIDUAL
- Graduate, qualified accountant, possibly MBA. Management experience gained in major organisations with sophisticated IT systems.
- Technically strong, with experience including management accounting and IT systems development.
- Commercially aware with wide experience of implementing product profitability improvement.
- Supportive and open management style. Experience of empowering line managers with financial responsibility.

Please send full cv, stating salary, ref PP0582, to NBS, 54 Jermyn Street, London SW1Y 6LX

N B SELECTION LTD
a BNB Resources plc company

NBS

LONDON 0171 493 6392
Aberdeen 01224 638080 • Birmingham 0121 233 4656
Bristol 0117 929 1142 • Edinburgh 0131 220 2400
Glasgow 0141 204 4334 • Leeds 0113 245 3830
Manchester 01625 539953 • Slough 01753 819227

Finance & Operations Director

A unique equity participation opportunity

£50,000 + Car + Bonus + Benefits **Location: M4 Corridor**

Our client is a fast growing IT distributor, with unique configuration and assembly skills selling integrated solutions into vertical markets. Enjoying excellent franchise agreements, they are dedicated to becoming the premier name in their sector and to surpassing dramatic growth and profitability targets. They now seek an exceptional individual to positively impact the management team and the future direction of the company.

Reporting to the Managing Director your wide-ranging responsibilities will include:

- Maintenance and operation of tight financial controls, financial planning and capital expenditure
- Provision of commercially focused management information, support and advice
- Take charge of the operational elements of the company to include Purchasing, MIS, Warehousing, Logistics, Distribution and Maintenance
- Provide focus and leadership to the finance & operations teams

Candidates will be qualified accountants with at least 7-10 years post qualified experience gained in Hitech manufacturing/FMCG environments, and will enjoy extensive experience of the operational functions mentioned above. You will also display the commercial acumen, credibility and initiative commensurate with a position of this importance. This represents an outstanding opportunity to join a young, growing and dynamic company and to be part of and share in its success.

If you believe you have the required skills sets and appetite for this unique role, please send a covering letter and CV to our advising consultants, Jonathan Kidd or Lisa Powell, at Harvey Nash Plc, Dragon Court, 27-29 Macklin Street, London, WC2B 5LX. (Tel no: 0171 333 0033). Please include daytime telephone number, current salary details and quote reference number HNF119.

HARVEY NASH PLC

Commercial Director

Hong Kong **c £100,000 + Substantial bonus**

Our client is an expanding £250 million turnover, international group engaged in the design, manufacture and marketing of quality consumer products.

They now seek to appoint a Commercial Director to their principal Hong Kong subsidiary which has established a strong market position and has substantial potential for further organic and acquisitive growth.

The Commercial Director will work alongside an entrepreneurial, sales orientated Managing Director and will have full responsibility for day to day operational, financial and administrative activity. Key tasks will include the enhancement of financial management systems with particular emphasis on working capital control, and the implementation of a new organisational structure for optimal operational performance. Furthermore, the successful candidate will be expected to contribute fully to the formulation and execution of profitable long term strategies for the business.

Candidates, aged 35-45, will probably be qualified accountants or MBAs who can demonstrate a successful record of profit responsibility gained in an international trading environment. Tough but sensitive management skills and strong commercial acumen combined with high levels of energy and commitment are prerequisite. Experience of working in the Far East or a similar demanding overseas location is essential.

Applicants should forward a comprehensive curriculum vitae, quoting ref 221798 to Mark Hurley ACMA, Executive Division, Michael Page Group, Page House, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page Group
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Frankfurt Hong Kong Sydney

Worldwide telecommunication and information processing services organisation requires a

Junior Financial Officer

to join the Management in The Finance and Economics Department in Paris

Applicants should have a Business School Degree or equivalent and a good knowledge of French. A basic knowledge of information processing is preferred.

Responsibilities will encompass budgeting, cost control, project management control, economic studies, and may lead to other financial functions.

Candidates should be prepared to travel abroad when necessary. Very good salary and comprehensive benefits package.

Please forward a curriculum vitae and salary requirements to Emmanuel Jalenques, Michael Page International, 3 bld Bineau 92300 Levallois-Perret, France Ref FX11369.

MP

Michael Page International
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Frankfurt Hong Kong Sydney

FINANCE MANAGER

Midlands **C. £35K + Bonus + Car**

A £20M autonomous operation and part of an international group, this business exports 70% of its sales and provides engineering solutions to a range of blue chip customers.

THE CHALLENGE
- Analyse, assess and report financial results.
- Draw up forecasts, budgets & strategic plans.
- Lead a team of six.
- Appraise and review capital projects.
- Ensure effectiveness of foreign exchange transactions.
- Assist in the implementation of MRP systems.

THE CANDIDATE
- Must be a fully qualified Accountant, ideally Graduate
- At least 5 years post qualification experince.
- Experienced in major contract control ideally in an engineering environment.
- Persuasive presenter and strategic thinker.
- Must have assisted in the implementation of MRP.
- Exposure to a complex business having undergone major change.

If your skills and experience enable you to meet these challenges, perhaps gained in an international operation please write with CV, outlining current package and quoting Ref. No: AK5294 to Angus Keller

FRE

FEDERAL RESOURCES EUROPE
Main Street, Milton, Newark, Notts NG22 0PP

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CJA

RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 0171-588 3588 or 0171-588 3576
Fax No. 0171-256 8501

Opportunity to set own agenda, mould the area and to see how the whole bank works

CJA

INTERNAL AUDIT/ RISK CONTROL

CITY **£30,000 - £40,000 + BONUS**

LONDON BRANCH OF EUROPEAN INTERNATIONAL COMMERCIAL BANK

Our client is a growing bank with a broad range of international business for the size of the branch, including exposure to the Eastern European emerging markets. The emphasis is on commodities and trade finance and structured lending, with Treasury and a small capital markets division and the dealing room covers FX, off-balance sheet and European equities sales. The successful applicant will report to the General Manager, will be responsible for internal audit and will prepare the audit programme and an analysis of the key risks and the audit approach for each area of business. There will be other internal control project and compliance work and there is the possibility of international travel. We invite applications from computer literate candidates with international exposure/experience of audit of banks/commodities houses etc and a knowledge of compliance requirements and documentation. The role is described as a consultant rather than a policeman and calls for a self-reliant individual with the diplomacy to win people over to their way of thinking. Initial remuneration is negotiable £30,000 - £40,000 + bonus and bank benefits.

Applications in strict confidence quoting reference RC5020/FT to the Managing Director, CJA.

Price Waterhouse
EXECUTIVE SEARCH & SELECTION

Group Treasurer

c.£90,000 + benefits Central London

If you really want a challenge...

So, what makes this role different?

Well, for a start, we're a downstream oil company so you'll be dealing with some big numbers; turnover of $7 billion; foreign exchange purchases of $2 billion; credit lines of around $1½ billion. Add to this, considerable complexity: treasury staff in 15 countries reporting through 11 affiliates; over 60 banking relationships, principally in Europe; credit management arrangements ranging from credit card customers to major suppliers: in other words, we think you'll be kept pretty busy.

Is there more?

Until now, treasury has been highly decentralised: we'll be looking to you to continue a process of bringing currency management and international funding into the centre. In addition, we have an ambitious expansion and acquisition programme and we plan to upgrade/replace some of our refining capacity. Funding will be an integral part of these plans.

Are you convinced?

If so, then persuade us that you meet our requirements. Probably in your 40's; internationally experienced with a blue chip corporate background; a sophisticated risk manager with in-depth knowledge of instruments and policies; considerable exposure to the international banking community and not just in the UK; head office experience but familiar (and comfortable) with complex matrix management. Over and above this, if you speak a European language, understand insurance and you've worked in the oil industry, you could make our day!

What's your style?

Creative, imaginative, resourceful, a visionary but also practical; organised, detail conscious and able to stand on your own two feet without much support from external advisers; tactful and diplomatic, an influencer, an implementer of change.

Do we have a match?

If so, then write and argue your case, quoting reference D/1529/FT, to Mark Hartshorne at the address below. Alternatively, for a strictly confidential discussion, call him on 0171-939 5605.

Executive Search & Selection,
Price Waterhouse,
No 1 London Bridge,
London
SE1 9QL.
Fax: 0171 403 5265.

European Financial Controller

"An exceptional opportunity for an exceptional 'Big 6' Senior Manager"

SW London **c £60-80,000 package + Car**

Our client, a major, multinational FMCG corporation, has a European turnover of $1.2bn and some of the best known brands in the world. The business has grown dramatically in recent years and is on track to continue double digit growth in the future. This growth has been achieved by substantial investment in the aggressive development of new and existing brands, together with strategic acquisitions and Joint Ventures.

The small European Head Office provides the strategic thrust for business development and co-ordinates the activities of the fully decentralised field operations.

This position will be responsible to the Chief Financial Officer for the integrity for financial control throughout the Division. Key areas of involvement will be ensuring compliance with statutory and parent company reporting requirements and coaching operating finance functions in "best practice". In addition, the Controller will be expected to add value to the business by providing strategic financial oversight across a wide range of operating subsidiaries and working closely with the tax and treasury functions to maximise cross-border opportunities.

This is a high profile role, requiring international interface at all levels of management and providing substantial opportunity for "fast track", international career development. Candidates must, therefore, be exceptional.

The ideal candidate will currently be working at Senior Manager level in a major accountancy practice or will have already left the profession and had some commercial experience. In addition to outstanding academic and professional qualifications, applicants should have experience of operating company audits/secondments, exposure to the tax, treasury and corporate finance demands of international businesses and a good understanding of US GAAP. It is preferable that candidates will have worked in more than one geographical location, hopefully including an international secondment.

The remuneration package is designed to attract and retain the best. It will not be a limiting factor in the decision-making process.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref: 188785, to Alan Dickinson FCMA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow Edinburgh & Worldwide

FINANCE DIRECTOR DESIGNATE

London **c. £45,000 + Benefits**

Our client is a substantial trading company operating in a niche market and supplying a unique service to a relatively small number of end-user customers.

It now seeks a high calibre Finance Director to lead and motivate a small team responsible for reporting and control, including the designing and implementing of appropriate systems, and to work closely with the board in the commercial development of the business.

Candidates will be qualified accountants aged 30-40, technically competent, with well-developed computer skills and the creative and interpersonal strengths to make a real contribution to the ongoing success of the business.

Share options based on performance will be available one year after appointment.

Please reply in confidence by letter or fax with a comprehensive curriculum vitae, including details of current remuneration and a daytime telephone number to D. E. Shribman or M. J. Hudson, Hudson Shribman, Vernon House, Sicilian Avenue, London WC1A 2QH (Fax 0171-404-5773).

HUDSON SHRIBMAN
financial recruitment

APPOINTMENTS ADVERTISING appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For further information please call:

Andrew Skarzynski on +44 171 873 4054

Sam Morris on +44 171 873 4027

Joanne Gerrard on + 44 171 873 4153

To £100,000 package + benefits *World-Class Manufacturing* *South East*

Finance Director

Rare opportunity for an ambitious financial professional to support the Chief Executive of a successful £400 million turnover international engineering company in optimising the performance of decentralised divisions worldwide. Challenging remit requiring a first-class financial management background combined with exceptional interpersonal skills which offers real scope for progression into general management.

THE ROLE

- Providing authoritative financial control, reporting and analysis service to the Chief Executive, divisional general management and Group, reviewing and critiquing operational unit performance.
- Supporting divisional management in assessing market opportunities and potential risk, including logistics enhancement, product development and acquisition appraisals.
- Driving budgetary process and managing group consolidation through established head office accounting function in conjunction with Group.

THE QUALIFICATIONS

- Qualified accountant, and ideally MBA, aged 35 to 45. Broad financial management experience in a multi-site international business with proven commercial involvement in managing manufacturing businesses.
- Technically outstanding manager with commercial flair. Robust approach with the style and wit to challenge and enthuse divisional management to maximise financial performance.
- Strong empathy with diverse business cultures with the impact and maturity to gain respect at both parent level and across the businesses worldwide. Willing to travel extensively; additional languages advantageous.

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Spencer Stuart

Please reply with full details to: Selector Europe, Ref. F6078025L, 16 Connaught Place, London W2 2ED

KPMG

Group Finance Director

Yorkshire £75,000 + car and excellent benefits package

Barr & Wallace Arnold Trust plc is a long established and profitable group, based in Leeds, with a national reputation. The Group, which has a turnover of £250 million, is structured such that there are two major divisions (motor distribution and leisure and holidays) and a smaller division (fuel distribution). It has recently undergone a period of significant change which *has culminated in the enfranchisement of its 'A' ordinary non-voting shares* and resulted in the abolition of the two-tier voting structure.

The Board is pursuing an aggressive policy of expansion, both organically and by acquisition. It now requires a highly qualified Finance Director, reporting to the Chairman and Chief Executive, who will oversee the financial operations of the Group and assess the quality of possible acquisitions.

Candidates, who must be qualified accountants, will play a key role in formulating business strategy and in enhancing relationships with investors, merchant bankers and the financial sector per se. Experience in the leisure/motor sectors would be advantageous but is not essential. Excellent presentational and communication skills are pre-requisites of this position together with the strength of character to influence and convince other Board colleagues.

The Group adopts an innovative approach to its expansion and the chosen candidate will be expected to contribute in a like manner to the strategic and operational development of the Group. This is an extremely demanding and challenging position and requires an individual with drive, enthusiasm and the ability to get things done.

If you feel you meet the requirements then please send your CV, quoting ref M 260, to KPMG Selection & Search, 1 The Embankment, Neville Street, Leeds LS1 4DW

KPMG Selection & Search

CREATIVE ROLES IN FINANCIAL MANAGEMENT

M4 Corridor

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This International Business Services Group, a fully listed public company, is a market leader covering a range of specialist products. Current turnover at £800m has consistently increased in line with profitability and the group remains committed to further acquisition and development opportunities. The continuing growth and development of its operations has created two opportunities for high calibre finance professionals keen to play a key role in improving performance and effectiveness.

GROUP FINANCIAL CONTROLLER

c. £60,000 + Benefits

Assuming control of an established and committed finance team, your main focus will be to optimise the effectiveness of a central financial function operating in a multi-currency environment. You will highlight areas for improvement and develop an exceptional operation able to react to the ongoing needs of the business and to absorb acquisitions within existing structures.

You will be a graduate calibre accountant who has worked at a senior financial level within an international group that recognises the impact that financial management can have on the control and development of key business issues. A proven ability to both manage and motivate a large and diverse headcount is imperative. Ref: MH550.

TREASURY AND TAX MANAGER

c. £45,000 + Benefits

You will spearhead a function designed to optimise the group's position from a treasury and tax perspective. You will control treasury issues designed to capitalise on the group's cash resources and be responsible for providing an innovative and creative mechanism for funding the business. Additionally, you will focus on international tax planning, develop group taxation policy and provide the board with tax effective advice on the implications of major group transactions and developments.

You will be a professional who has already gained relevant treasury and/or tax experience from within a multi-national reporting environment and be capable of implementing a commercially focused approach to these disciplines. Ref: MH551.

*Interested candidates should contact **Michael Herst** or **Charles Austin** quoting the appropriate reference at Harrison Willis Search & Selection Partnership, Cardinal House, 39-40 Albemarle Street, London W1X 3FD.*

HARRISON WILLIS
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Group Finance Controller

West London **£37,500-£45,000 + car + benefits**

Our client is a fully listed Plc whose areas of activity include property investment, development and activities connected with the construction industry. The Group now wishes to strengthen the senior management team by appointing a Group Finance Controller.

Reporting to the Group Finance Director, you will be responsible for all finance and management reporting and for monitoring the performance of the Group through detailed financial analysis. You will also be expected to be involved with the future development and management of the Group.

Candidates will need to have at least ten years' post qualification experience, including five years in a senior line management role, either within the Head Office of a Plc or as the Finance Director of a subsidiary of a larger group. Relevant industry sector knowledge would be an advantage, though not essential.

Interested and ambitious candidates should send a curriculum vitae, quoting reference no. 1879 to:

Jonathan Wilkinson
Executive Recruitment Services
Pannell Kerr Forster Associates
New Garden House
78 Hatton Garden, London EC1N 8JA

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ABERDEEN

Operating in 24 countries worldwide with a turnover of $300 million, our client, a major listed subsea engineering company serving the oil and gas industry, is a leading player within its highly specialised and dynamic market place.

The company is now seeking to appoint a full-time Chief Financial Officer as a key member of the senior management team, to provide leadership and direction to the finance function and to play an integral role in the successful long-term development of the business.

Reporting to and working closely with the Chief Executive Officer, you will be responsible for all aspects of financial management and control in this NASDAQ listed company. This will include building and developing a strong corporate team of finance, accounting and treasury professionals, and overall responsibility for the information systems function. Also of key importance will be developing the finance functions in the operating subsidiaries worldwide. In addition, you will be responsible for the implementation of the company's financial strategy, financing negotiations and investor relations, and will play an important role in contract negotiations and M&A transactions.

A qualified accountant with US GAAP experience, extensive international exposure and a proven track record in senior financial appointments, you will be decisive and imaginative, with a high level of commercial acumen, excellent technical, management and communication skills and the maturity to provide a positive contribution at the highest level.

If you wish to be considered for this exceptional appointment send/fax your CV, including details of your current remuneration package, to **Suzanne Swycher at FSS Executive, Charlotte House, 14 Windmill Street, London W1P 2DY.** (Fax 0171-209 0001).

FSS EXECUTIVE

North Eastern Health Board
Kells, Co. Meath, Ireland

MANAGEMENT ACCOUNTANT

£25K - £28K

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60 Kilometers from Dublin
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The Organisation

The North Eastern Health Board provide Health Care Services to a population of approximately 300,000 in the Counties Cavan, Monaghan, Meath and Louth. Its Headquarters is in Kells, Co. Meath. *Its Annual Budget is in excess of £100M.*

The Role

Your role encompasses financial analysis of the Board's activities, overseeing budgets, review of management information, maintaining integrated financial and costing systems. You will have a responsibility in the purchasing process.

The Candidate

Applicants should be ambitious, capable and enthusiastic and have good analytical skills. A professional qualification in Accountancy is desirable, while a high degree of computer literacy and spread sheet skills are essential. The successful candidate will be given every support to pursue further studies and development programmes.

Application forms are available by applying in writing to the Recruitment Section, Personnel Department, Head Office, Kells, Co. Meath, Ireland.

The closing date for receipt of completed application forms is 5.00 p.m. on Friday, 3 March, 1995.

FINANCIAL CONTROLLER

ELTRON

Salary £35K Package + Car + Benefits
Location: Croydon (SE London)

Eltron Chromalox, a medium sized autonomous operating division of Emerson Electric Co., with global sales of $8B, designs and manufacturers capital goods for domestic and export markets worldwide and is seeking a Financial Controller to head their Finance Department and participate in the management of the business.

Reporting to the Site Director, this senior and demanding position would ideally suit a hands-on. P.C. literate, Qualified Accountant with a minimum 5 years experience within a job costing manufacturing environment. Previous experience of systems review and implementation of change together with the ability to meet tight reporting deadlines is essential.

If you are self-motivated, can achieve change and are seeking a challenging role, please send your CV and current remuneration package to the Personnel Manager, Eltron Chromalox, 20-28 Whitehorse Road, Croydon CR9 2NA, SURREY.

COST ACCOUNTANT

Switzerland

Attractive Salary + Benefits Package

This international financial services organisation is about to embark upon a major project involving cost budgeting, financial systems development and the introduction of a cost centre accounting structure.

This necessitates the recruitment of a high calibre, technically versatile qualified accountant, with a minimum of five years experience gained within financial services, commerce or industry. This challenging opportunity will suit a proactive, computer literate individual, who is keen to apply their problem solving and project control expertise.

Ideally aged 25-35, you should be able to speak English fluently and another European language to some degree.

*To discuss this opportunity, please contact **Jonathan Astbury** on **071 629 4463** (evenings/weekends **071 702 9672**) or write quoting Ref: JA904 to Harrison Willis, Cardinal House, 39/40 Albemarle Street, London W1X 4ND. Fax 071 491 4705.*

HARRISON WILLIS

Financial Services Director

Paris **Competitive Package**

Our client is a major US manufacturing and distribution public company with $ 4 Billion turnover worldwide. To maintain its premier market position in Europe, it is currently undergoing a programme of business process re-engineering, implementing a European Financial Centre. We seek a key member of the management team to raise the profile of all financial services.

Reporting to and working closely with the European Finance Director, the challenges will be to :

- Manage the treasury function at European level, providing specialist expertise in cash and currency exposure management, local bank relationships, all in liaison with U.S based treasury staff.
- Support the Sales/Marketing departments with an operational assets management policy, controlling dealer and distributor credit, and setting up retail sales financing.
- Supervize the Export Finance department.
- Support Purchasing in supplier negociations, contracts and risk management on investments.

You will manage a team of 30 people, 20 of them being in the field.

The graduate canditates, probably in their thirties, should be treasury professionals, with at least 10 years experience in an international company.

Previous exposure to working closely with Sales and Marketing departments is necessary.

Due to the high profile of the role, excellent interpersonal and communication skills and a definitive «hands on» approach are essential.

Fluency in English and French is required.

Interested applicants should forward a comprehensive curriculum vitae, salary expectation, quoting ref. ADB11333 to Alexis de Bretteville, Michael Page International, 3 boulevard Bineau, 92300 Levallois-Perret, FRANCE. Fax : + 47 57 39 18

MP

Michael Page International

International Recruitment Consultants

London Paris Amsterdam Düsseldorf Frankfurt HongKong Sydney

BANK OF ENGLAND

TRADED MARKETS TEAM

competitive package

The Traded Markets Team, part of Banking Supervision at the Bank of England, is seeking an accountant with direct risk management experience either in a trading or investment operation, or in reviewing risk models used by banks or securities houses.

This team has responsibility for reviewing the derivatives' activities of banks and the creation of policy on the capital required to support derivative positions. The team will be visiting most major banks in London to examine and understand how they model, manage and control the risks in this area.

The jobholder will need to make judgements about a bank's competence and expertise in monitoring the risks associated with derivatives. A clear understanding of the markets in which the banks operate and the ability to assess the quality of the risk control environment will be needed. The individual will be expected to learn about a variety of risk measurement models and to keep abreast of developments.

Suitable individuals are expected to have an excellent mathematical background, and wide knowledge and keen interest in financial markets to support their accounting and risk management experience. A knowledge of the Capital Adequacy Directive and an understanding of supervisory requirements would be advantageous.

The position is for a three year contract.
CVs should be sent by 28 February 1995 to
Julian Bishop, Personnel Division,
Bank of England, Threadneedle Street,
London, EC2R 8AH

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Management Consultants

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Pannell Kerr Forster Associates is the consultancy arm of Pannell Kerr Forster, one of the leading UK firms of Chartered Accountants. It is currently expanding its IT and accounting consultancy in order to cater for the increased workload from its interesting mix of clients from both private and public sectors, and consequently seeks experienced managers and management consultants to join the team.

The consultants will be expected to play an integral role in assisting clients with the implementation of financial systems and change management issues. An understanding of recognised methodologies such as SSADM and PRINCE would be useful, but not essential.

Ideally, candidates will be qualified accountants, with "hands on" line management skills or at least three years management consultancy experience. They should be self motivated with proven project management experience and well developed communication skills. This role provides the ambitious candidate with the opportunity to develop his/her consultancy and practice development skills. Career prospects will be directly commensurate with success. Preferred age 30-45 years.

Interested candidates should send a CV, with current salary, quoting reference 4000/3 to:

Carol Jardine, Principal Consultant
Executive Recruitment Services
Pannell Kerr Forster Associates
New Garden House, 78 Hatton Garden
London EC1N 8JA

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Special Projects Manager

West London **£35,000 plus benefits**

Our client, a multi-disciplinary service sector organisation, is currently in the process of selecting and implementing a fully integrated financial information system.

They require a qualified accountant to project manage the implementation and undertake other ad hoc assignments. You will need to have had experience of implementing financial systems and be able to liaise with non-financial managers.

The main project is likely to last 12-18 months, after which further project work or line management prospects are anticipated.

Interested applicants should send a C.V. or alternatively ring 0171-831 7393 quoting reference no. 3067 to:

John Silk
Executive Recruitment Services
Pannell Kerr Forster Associates
New Garden House
78 Hatton Garden, London EC1N 8JA

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MANAGEMENT CONSULTANTS

Chief Financial Officer

FOR

air Jamaica

A very experienced FCA or equivalent, preferably with extensive airline experience, is required to fill the vacant post of Chief Financial Officer. The position will initially be in Kingston but is expected to transfer later this year to Montego Bay. An attractive salary and benefits package will be offered to the successful applicant. Initial interviews will take place in London commencing March 14th. Short-listed candidates will be invited to Jamaica for further and final interview. Applicants who are interested in this post should write, enclosing a CV which would demonstrate their suitability for the post, and indicating current remuneration, to our consultants:

RMA Dept. AJE
PO Box 104
Dorking, Surrey RH5 6YN

DIRECTOR OF TAXATION

Placer Dome Inc. is a major international mining company engaged in the exploration, development and production of gold, silver and base metals. Our head office, located in Vancouver, Canada is seeking an extraordinary individual to lead our international tax management team.

You will be responsible for leading the Company's overall global tax planning. Ensuring that Placer Dome Inc. is properly organized to achieve optimal tax results will be your primary focus. You will play a key role in advising senior and regional management on the tax implications of business plans and, through careful liaison with regional management, make sure that such plans are optimally structured from a tax perspective. In addition, you will be responsible for the preparation and filing of tax returns/elections for PDI and several of its Canadian subsidiaries. Significant international travel is involved.

As a seasoned professional, you possess an in-depth knowledge of international tax principles, treaties and ownership structures encompassing a minimum eight years' experience in international tax management. Your qualifications also include a post-secondary degree from an internationally recognized university supported by a C.A. or equivalent professional accounting designation (a commerce/economics degree combined with a law degree and tax specialization will also be considered). The ability to inspire and enrol support from others in developing and implementing creative solutions to complex international tax challenges is essential to success. Excellent interpersonal and communication skills, both written and verbal, complete your qualifications. Proficiency in a second language (preferably Spanish) would be a definite asset.

Among the rewards you'll enjoy as a member of the Placer Dome team are a very competitive remuneration package and a stimulating work environment.

Pursue this outstanding opportunity by submitting a detailed resume to: **Human Resources, Placer Dome Inc., 1600 - 1055 Dunsmuir St., P.O. Box 49330, Bentall Postal Station, Vancouver, B.C. V7X 1P1. Fax: (604) 661-3703.** We regret that we are able to respond only to those under consideration.

PLACER DOME INC.

FINANCE DIRECTOR

Excellent package + Car

West London

Tetra Pak UK, part of the Tetra Laval Group are market leaders in liquid food processing and packaging systems. Following the recent promotion of our Finance Director we are now seeking a replacement who will be based at our new Headquarters in Stockley Park, Middlesex.

You will be responsible for the Finance, I.T. and Purchasing functions of the company. Principally you will manage the production of statutory accounts, treasury (including F.E. exposure up to £60 million), asset financing (including investment appraisal) and legal and tax planning for one major and four smaller companies.

We anticipate that applicants will have high-level commercial or industrial "hands-on" experience and be able to demonstrate visible achievements which highlight both their technical and managerial competence.

In return, we offer you the challenge to help steer an innovative and entrepreneurial company which is directed by its customer focus and is committed to significant growth through the development of its product portfolio.

In the first instance please write with full CV, including details of your current package to Ernie Watson, Personnel Director, Tetra Pak UK, 1 Longwalk Road, Stockley Park, Uxbridge, Middlesex UB11 1DL.

Tetra Pak

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday. For further information please contact: Joanne Gerrard +44 171 873 4153

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Price Waterhouse serves a client list which includes many of the world's most prestigious organisations. Our London based Property Group advises leading property companies, advisory firms such as chartered surveyors as well as a wide range of businesses where property is an important part of their operations.

In order to further develop the range of our services to these clients, we are seeking to recruit a Chartered Accountant who has 3-5 years post qualification experience of the property sector. This could have been gained in a major firm of chartered accountants, business advisers or, alternatively, within a large property or related company.

The scope of your responsibilities at PW would include the provision of a broad range of audit and advisory services, including acquisitions and flotations, and the further development of our property services to clients. Possessing a strong track record at your current organisation, you will be able to demonstrate a keen interest in and extensive knowledge of the property industry.

In return, we offer a competitive remuneration package and outstanding career development opportunities. Interested candidates should write with a full CV to:
Charles Macleod, Recruitment Manager,
Price Waterhouse,
No. 1 London Bridge, London SE1 9QL.

If you require further information, please telephone him on 0171-939 3000.

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Price Waterhouse is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

DIRECTOR OF FINANCE AND ADMINISTRATION

Law Firm **Salary to c. £40,000 plus benefits**

Based in Surrey, our client has a substantial reputation as a progressive, expanding legal practice with a first class client base and thriving company/commercial, property, litigation and private client divisions. With 12 partners, around 60 staff and 2 regional offices they now wish to recruit a Director of Finance and Administration who will form an integral part of the partnership's management team.

Reporting to the *Managing* Partner and leading a small department, you will have full responsibility for all aspects of financial and administrative management. The position combines practical involvement in day to day issues with proactive input to the future growth and development of the firm. Of initial importance will be the review and, where required, upgrade of financial and management information systems.

Candidates will be qualified accountants, ideally with professional practice/service sector experience. A hands-on approach is essential, together with sound staff management skills. Enthusiasm and excellent interpersonal abilities are necessary to enable a significant contribution to be made in a partnership environment. A good working knowledge of computerised systems is a prerequisite.

To apply, please send a comprehensive C.V. including remuneration details and daytime telephone number, quoting reference CRR 975, to: Christopher Rose, Touche Ross Selection and Search, Mountbatten House, 1 Grosvenor Square, Southampton, SO15 2BE. Tel: 01703 334124.

Touche Ross

Deloitte Touche Tohmatsu International

MANAGEMENT CONSULTANTS

FINANCE DIRECTOR/COMPANY SECRETARY

Required for a successful East Midlands-based company which is considering a flotation in the near future. The company is engaged in multi-function high and low volume design and manufacturing and has a blue-chip customer base. The successful candidate must :

i) be a qualified accountant;
ii) have experience as a finance director of a public company, preferably including experience of a flotation;
iii) have at least five years experience in a manufacturing environment;
iv) be available to start almost immediately; and
v) be prepared to relocate.

Please reply with full C.V. and remuneration package expectation to:

Mr J A Barker, Artform International Limited
Bishop Meadow Road, Loughborough, Leicestershire LE11 0RE

NORTHUMBRIAN WATER

Commercial Accountant-Spanish Speaker-£neg.

Northumbrian Water is one of the largest and fastest growing private sector companies in the North East. It supplies over 2.7 million customers ranging from domestic consumers to large industrial users, and has a turnover in excess of £300 million.

Due to growing market developments, a need has arisen to recruit an additional Commercial Accountant. The Commercial Division is involved in large scale contracts and project management overseas and the Commercial Accountant will play a crucial role in the preparation of bids, the financial control and reporting of on-going projects and the representation of the Group's financial interests in overseas joint venture companies.

The position requires someone skilled in project investment appraisal, contractual and financial risk assessment, financial structuring, tax and currency protection and financial modelling.

We anticipate the successful applicant will be aged 30+, a graduate qualified accountant with previous experience of working in Spain or Latin America, and will possess a demonstrable record of achieving tangible results in previous roles. Furthermore, excellent interpersonal skills, mobility, flexibility, teamworking and **fluency in written and spoken Spanish** are all essential.

In return, you will enjoy this challenging, high profile role where you will contribute as part of a highly professional, motivated team charged with the growth of this business.

Please apply without delay, in writing, to Ian Lewis.

NIGEL WRIGHT CONSULTANCY

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North Street Court, North Street East,
Newcastle upon Tyne NE1 8HD
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Specialists in Financial Recruitment

MANAGEMENT

Geoffrey Lane yesterday won the Management Consultants Association/FT Management Essay Award. The following are edited extracts

The Virtuous Organisation

True competitiveness depends upon desire and capability if it is to bring success. But where does competitive capability come from?

Businesses have relied upon a combination of size, reputation, innovation and strategic assets such as favourable regulation or market dominance to protect their position. But these features are no longer enough. New inventions do *not stay long in the exclusive* ownership of their discoverers. Reputations have suffered from criminal activity, sheer incompetence and unrealistic expectations; restrictive regulation has declined rapidly; size has always been overrated.

John Kay suggests that there is another leading source of capability which he describes as an organisation's "architecture"*. This is the set of relationships, both internal and external, that the enterprise has generated through its past activities. This network forms a distinctive capability by virtue of its uniqueness. When added to whatever other distinctive capabilities the company may hold, i.e. reputation, innovation and strategic assets, it produces an entity that competitors would find difficult, if not impossible, to replicate. This set of distinctive capabilities becomes competitive advantage when it is applied to an industry and brought to a market.

Many [organisations] have tried to unite the workforce behind a common goal, expressed in a mission statement, which attempts to explain what the business' aims are and how it differs from its competitors. They have wasted their time and money. Organisations are complex and ever-changing. The statements I have seen do not cope with these intricacies. The best are anodyne and the worst a costly embarrassment to their sponsors.

A more profitable question to address is why a business exists at all. Organisations are no different from people. Both desire to live long and well, doing some good along the way. They have the same basic needs for security, safety and a sense of belonging. They also desire to fulfil their potential, seeking growth, admiration from peers and justifiable self-respect.

How many organisations state openly that admiration and longevity are their measures of success? How many could claim that their strategies, structures, systems and practices fully support these aims, across the whole spread of their relationships, especially the workforce?

Perhaps not many yet, but I sense that a new kind of organisation is emerging.

This organisation pays great attention to all of its relationships, seeking long-term bonds. Its strategies are focused towards the long-term, and in the meantime it makes its values, principles and policies clear so that the relationship holders can understand the kind of organisation they are connected to, where it is likely to take them and what value they can expect to gain from their association. This is the first step towards what I call the virtuous organisation. Its aim is to add value to itself to sustain its life. In doing so it imparts value to its relationship holders. I regard added value as more than a financial issue. What is of value to the receiver may cost the provider little or nothing. This organisation is constantly seeking ways of generating a better return from all of its attributes. As organisations begin to take a more enlightened approach to providing what the relationship holders regard as value, they will modify their business strategies, definitions of success and the reporting and accounting methods used to communicate the results.

Organisations are no different from people. Both desire to live long and well, doing good along the way

The organisational structure is another area for attention. Competitive forces have produced slimmer and flatter structures with reduced costs. But have attitudes changed? Management is still "on top" with employees at "the bottom". The structure I would advocate resembles a gyroscope. The slim central core gives its spinning disk both balance and support. The faster the disk spins the greater its stability. The disk represents the local operating unit comprising both employees and managers working together on the same plane.

The task of local management is to lead the operating unit through programmes of continuous improvement, rooting out waste of every kind, material, capital, time, talent and opportunity.

The virtuous organisation is not a soft place to be. It deals in realities, honestly and openly

This type of manager takes risks particularly with people of perceived ability. His or her role is to communicate, persuade and influence. Their obligatory routines are negligible. Skills of observation, listening, questioning, challenging and consulting will have much higher priority for future managers. They will be coaches and counsellors whose authority is founded in a respect for their achievements, skills and personal qualities rather than their status. This manager will play a strong role in influencing change for the whole organisation by feeding back information and opinion to the centre. Employees will have an *increasing role to play in assessing* the performance of their managers.

Loyalty in the workplace needs to be better understood. It is a mutual self-interest constantly reaffirmed over time.

This may take the form of a series of short-term legal contracts, promotion, or performance and pay reviews within long-term contracts. These are not the only issues that can reinforce or undermine loyalty. It is often the small things that weaken the bonds, usually the way people are treated. Most of us are motivated by pride and value our reputations highly. Failure to give recognition for achievement and effort is probably the biggest failing of management. Concentrating rewards on results alone distorts behaviour and disturbs the balance between short-term needs and long-term aims. If targets are not capable of being expressed in ways that include value and quality, then don't set them.

The virtuous organisation is not a soft place to be. If anything it is tougher than many because it deals in realities, honestly and openly. It is not afraid to admit its mistakes, but does not dwell on them. It does not promise what it cannot deliver but it does deliver on its promises. It impresses at each point of contact, internally and externally. It has courage and an integrity at all levels that leads it away from relationships that are ultimately *harmful and towards those that will* be mutually beneficial. It is able to articulate its aims, a sense of purpose, principles and direction and ensures that these relate closely to human values. It then rigorously checks its strategies, structures, systems and practices to ensure that they are in harmony. It pays attention to all of its relationships at the same time, with constancy, not wooing one or the other disproportionately at each turn of the corporate wheel of fortune.

Today's competitive position is the result of past investment in the network of relationships and strategic assets a company holds. The future depends on the choices being exercised now.

**Foundations of Corporate Success, Oxford University Press 1993.*

The top six essays are available from the MCA, 11 West Halkin St, London SW1X 8JL. £6 inc p&p.

John Authers on a theatrical way of improving customer service

Footlights for flight crew

Actors might not seem to have much to offer on the awkward topic of managing an aircraft flight. Yet British Airways recently took the decision to draft in theatrical expertise to help train its aircraft cabin crew.

BA's Breakthrough training course will include a link with the three-day "Mastery" course, developed for actors by the Actors' Institute, a drama school which now also offers corporate training. All the cabin staff and managers, who lead BA's internal training course, must first submit themselves to the Mastery.

Participants are encouraged to come to terms with their innermost fears and desires by talking about them to the rest of the group – who might all be total strangers. Revelations can be personal, so participants must sign a pledge of confidentiality about what they hear.

The workshop can often appear like madness, with people screaming as loud as they can and clawing the ground to exhibit their anger. In the course of it, they vent their rage and frustration, channel it and learn to look their audience in the eye.

None of this seems particularly relevant to air travel, but the mastery of inter-personal skills and self-confidence could be vital for improving client service, especially given the common criticism that cabin staff appear wooden and jaded. BA's aim is to create an image as an airline which treats its customers as individuals.

Adaptations of the course for BA have been minimal, even though in many cases the participants will already know each other. But the aim is to foster team spirit, with colleagues having less to hide. According to Christine Kimberley, an institute director, people can be "witnessed in their truth and not be humiliated by it".

The central philosophy of the Mastery – that people use too much of their energy holding in anger they would rather let out – has applications for corporate training.

According to Mac Andrews, another director of the institute: "Actors need to find as many resources within themselves as possible to be whatever they need to be in a particular environment. That might just be taking on a new role in a new play. But it could also be in the workplace."

John Ackland, director of BA's programme, says: "This job is about being spontaneous, and sometimes that can be very difficult. If you've got 400 meals to serve to people in a two-hour flight, that's very difficult, but you can find ways of doing that and being an individual, and treating everyone as an individual."

He said the kind of techniques gained from the Mastery "help cabin staff be themselves".

The Breakthrough, compulsory for all the airline's 10,000 cabin crew, is less intimate than the Mastery, and includes sessions asking staff to think and talk honestly about their perceptions of the company and how they want it to change.

They are also required to discuss looking after themselves, managing stress and self-esteem, all in the context of spending an intensive amount of time together for three days – as will often happen during the job. There are also sessions looking at communicating with other people, spontaneity and writing and receiving feedback – all of which move close to the world of the actors' workshop.

BA is also introducing a package of measures to encourage their staff to be positive about themselves, and to look and feel happy – vital in a service industry. This includes paying for voluntary courses, on top of the compulsory Breakthrough, which can be taken in employees' own time, in an attempt to offer them opportunities to relax and be happy.

These include long weekends at hotels and country houses being taught about such topics as aromatherapy, massage, relaxation and methods of stopping smoking. According to Ackland: "They are all directly related to an individual's well-being in one way or another. And that's directly important to someone in the service industry."

ARTS

Culture faces cuts in Canada

As its popular orchestra visits Europe, **Antony Thorncroft** discusses the funding crisis in Ottawa

Next week NACO hits Europe – which does not immediately strike home as the most staggering arts event of the year. Even when the initials are converted into the National Arts Centre Orchestra – of Ottawa – in Canada, the senses stay underwhelmed.

But the NACO, under artistic director Trevor Pinnock, conductor and harpsichordist, has its fans. Its 1990 European tour was such a success that promoters clamoured for its return. Unlike many visiting orchestras it is of chamber size, and offers works like Mendelssohn's Scottish and Schubert's Third which, according to Pinnock, are rarely toured. And in his four years in charge Pinnock has raised its range and reputation.

Its absence from Canada is timely. During its three week tour (opening in Vienna of Tuesday and reaching Newcastle on March 10 and the London Barbican on March 12) decisions are likely to be announced in Ottawa which threaten the future of the arts in a country which has traditionally shown great reverence towards their value and importance.

The Canada Council, the equivalent of the Arts Council of Britain, will hear this month whether its annual grant of just under C$100m (around £60m) will be reduced by 3, or 5, or 8 per cent. With the Canadian government determined to balance its budget the arts are regarded as an easy and obvious victim.

Just two years ago the Canada Council suffered a 10 per cent reduction in grant. Over the last decade its funding has fallen by around 30 per cent. In preparation for another battering the council has been drawing up a plan which will earmark arts activities it regards as essential, and the areas likely to be cut.

It is an exercise with global relevance as, in nation after nation, the subsidised arts take a back seat to health, education and welfare as governments confront their deficits. Although the arts councils in the UK did comparatively well in November's grant allocation, events in Canada may be replicated in a couple of years time when the flow of National Lottery money to the arts will pressure the British government to cut annual funding.

The Canada Council's decisions might surprise some. It will probably concentrate its smaller budget on individual artists, the creators. It already makes thousands of personal grants, many as high as $35,000 a year. "If we do not support individuals we will have no spring of fresh talent," says Brian Anthony, the associate director of the council.

As in England, it is the big companies – the Canadian Opera, the symphony orchestras in Toronto, Montreal, etc, the National Ballet and the Stratford, Ontario Festival – that cause most concern. The top 25 companies consume over C$20m a year yet for many of them – notably the Toronto Symphony, the Canadian Opera and Stratford Festival – Canada Council subsidy is less than 10 per cent of their income. There is talk of the big companies following the Australian pattern and being hived off to a different funding body, be it central government, the provinces, or a mixture of both.

The council seems adamant that its reduced resources will go to the young, the new and the energising. The visual arts have lost out in the past and will be compensated, and theatre and dance, with rising audiences, seem likely to take priority over opera and classical music, despite the fact that the orchestras, especially the Toronto Symphony, are in a parlous state. Grants will also be concentrated on the work of Canadian artists: companies presenting non-Canadian work will be penalised. And administration – which takes up a staggering 20 per cent of the budget – and training will suffer the deepest cuts.

Handing over the baton: Trevor Pinnock, artistic director of the National Arts Centre Orchestra of Ottawa

The NACO, which is funded directly by the government, will escape the Canada Council's strategic plan – but not a cut in its funding. The National Arts Centre in Ottawa was built in 1969 to give Ottawa, and Canada, a national showcase. The building is depressingly grey and featureless like the Barbican, but inside the orchestra and two permanent drama companies, one English, one French, produce high class performances, helped by lavish opera productions and dance. This is where Robert Lepage honed his skills. Economics has pared all this down, with another cut from a C$21.6m budget likely this month.

Pinnock has done much to bolster the centre during a difficult era. He has signed on for another two seasons but will then concentrate again on his harpischord. He hopes the baton will be passed to a Canadian conductor: the NACO is already searching for a new music director. As well as adding more contemporary and baroque music to the repertoire Pinnock has, with no embarrassment, added a series of light classic concerts to a programme which already includes classical pops. He sees nothing wrong in widening the audience and filling the seats and wants to "prove the validity of the orchestra within the community."

But Pinnock will hand to his successor an essential but tricky manoeuvre – changing the name of the NACO so that it sounds to the public what, on its better days, it is: the premier orchestra of Canada.

Concert

Darting the Skiff

What's in a name? Quite a lot, it seems, if having lived with one for only six years you feel the need to change it. The Docklands Sinfonietta was only formed in 1989 and has already attracted much favourable attention for its stimulating programmes of challenging but not impenetrable contemporary music alongside more mainstream, if still somewhat offbeat, repertoire.

Maybe the orchestra felt that too close an identification with what, despite the hype, is still really a London suburb, invited a charge of insularity, or that the designation "sinfonietta" implied a slightness about its aims.

Happily, fears that its current identity crisis might affect the quality of its concert-giving proved unfounded. On Tuesday at the Queen Elizabeth Hall, in its new guise as Sinfonia 21, it showed no signs of insularity or of any lack of imagination. Its choice of repertoire – a London premiere, a Polish 20th-century classic, and reworkings of familiar masterworks – was as Catholic as ever, and its performance, under its new principal conductor, Martyn Brabbins, was a commendable match for the demands of the music.

The London premiere was John Casken's *Darting the Skiff*, which received its first performance by the Northern Sinfonia under Heinrich Schiff at the 1993 Cheltenham Festival. A line by Gerard Manley Hopkins ("You'll dare the Alp? you'll dart the skiff?") suggested its general mood which, unusually for Casken these days, is largely one of meaningful vigour, though the slow, expressive central section brings to mind the dour, northern introspection of Casken's recent work, notably the Cello Concerto and his 1993 Proms commission, *Still Mine*.

With its relish for the sensuous properties of its 24-piece string orchestra, *Darting the Skiff* belongs obviously in the great British string tradition of Elgar, Vaughan Williams, Britten and Tippett, yet as the work immediately following it made clear, it owes as much to 20th-century central European trends and to post-war musical developments in Poland, where Casken was a student. Similar intricately woven string textures pervade Lutoslawski's haunting song-cycle, *Paroles tissées*, a classic example of new music that challenges without alienating. Thomas Randle delivered the eloquent tenor part with dark-hued authority though, ideally, a greater range of vocal colour would have made Lutoslawski's ravishing vocal writing even more expressive.

Greater subtlety would also have been welcomed in Randle's full-blooded interpretations of arrangements by Britten and Tippett of four Purcell love songs, a refreshing interlude before a weighty reading of Beethoven's penultimate string quartet, Op. 131, in a version for string orchestra by Leonard Bernstein. Apart from the addition of double basses the music itself remains unchanged. Even so the richer sonority emphasised just how far Beethoven's late quartets were ahead of his time and also – it must be said – of ours.

Antony Bye

Theatre/**Alastair Macaulay**

'Bearing Fruit' proves barren

An exception: Kate Ashfield in Lavinia Murray's satiric 'Passing Off' Alastair Muir

Wimmin! .. That women playwrights should have equal opportunities is all well and good. That fewer women than men write for the theatre at present may be a matter of regret. That an important London theatre – Hampstead Theatre – should go out of its way to compensate for this imbalance is tokenism gone silly.

Most of the 1200-odd scripts received each year by Hampstead Theatre are by men. So what do the theatre's artistic director and literary manager do? They commission several women playwrights to contribute short plays to the current programme, which is called *Bearing Fruit*. The theatre will follow this with three full-length plays by women playwrights. We are informed that it now has more women playwrights on commission than men. Does all this discriminate against the male majority of the 1200, or what? Give the jobs to the girls! (This from the theatre which turned down the all-male *My Night with Reg*.)

Since I was praising Phyllis Nagy, only last week, above any male playwright who has emerged in the 1990s, I do not need to defend myself from any charge of sexism or misogyny on this score. I grant that it is perfectly possible that the women playwrights of today are superior to their more numerous and/or more prolific male counterparts; and equally possible that some theatre directors and/or literary managers are deaf to the importance of these new female voices. I certainly believe that several male theatre critics have been remarkably slow to respond to the talents of Nagy's talents.

Only one of the five plays of *Bearing Fruit*, however, is good. Even that, Lavinia Murray's *Passing Off*, is virtually a Victoria Wood sketch: funny, up-to-date, satiric, with an unhappy ending. The role of Helen – whose husband Mark has become not only a transvestite but also her clone; all this emerging on their daughter Chris's wedding day – might have been written for Julie Walters. The fluctuation between humour and poignancy is very finely managed.

The rest of the evening is thin, and at times so dull that it does the opposite of what it intends – i.e. turns an observer, at least temporarily, against women playwrights. Part of the thinness and dullness are caused by the director, Deborah Paige,

Hampstead Theatre has gone out of its way to compensate for fewer female playwrights

who allows several of the actresses involved to give performances too precious and monotonous.

Dark Afternoon Tea, by Hanan Al-Shaykh, tells us more about two middle-aged Lebanese emigrées living in "this fridge we call London" than most of us will want to know. *An Epic Ouch!*, a repulsively artificial little soliloquy about pregnancy by Sara Sugarman, is acted by Helen Baxendale in what sounds like a Dutchwoman's idea of a Welsh accent; in this and other respects, her performance is, alas, as contrived as the play. The line "Don't you dare be blest when me and mine is wretched" is pretty typical of the script.

Good lines abound in Meredith Oakes's *Mind the Gap*. "That woman is so sadistically unpretentious," remarks Ginny, a repressed and repressive upper-middle-class wife and mother and by far the play's most loquacious character. Ginny is taking her son, Lawrence, to the psycholanayst for the first time, and is most unhappy. "A history of instability closes doors, Lawrence. Try getting a mortgage!", she tells the poor 14-year-old. She starts to explain the merits of the much-maligned Oedipus complex, and finally tries to force Lawrence to solve their problems by saying "Mummy, I love you forever." What a hoot! Yet we don't hoot. It is another School of Victoria Wood sketch (Ginny should be played by Celia Imrie), but the way it teeters between satire and pathos proves tentative, even evasive.

Helen Edmundson's *Coventry Carol*, also about the dire influence of mothers on their offspring, is far from evasive. Kathryn's mother (herself dogged by *her* mother) is so obsessively determined that Kathryn must play the Virgin Mary in the school pantomime that she wrecks her own marriage *and* kills a rival mother. It's like a Ruth Rendell story; but Edmundson's pithy, stylised, un-Rendell dramatisation is too oblique to have real force.

Geraldine Pilgrim has created a single bland set for all five plays. Each of the eight actors plays two or more roles during the evening. There are first-rate performances from young Tim Matthews, especially as the angry but insufficiently Oedipal Lawrence, and from Nicola Redmond, notably as Helen the bride's mother and transvestite's wife. Mark Drewry and Kate Ashfield also do fine work. That the playing elsewhere is less substantial need not be blamed on the actors.

At Hampstead Theatre, NW3, until March.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERTS
Het Concertgebouw Tel: (020) 671 8345
● Royal Concertgebouw Orchestra: with soprano Sylvia McNair. André Previn conducts Debussy, Roussel and Ravel; 8.15 pm; Feb 22, 23
● Royal Concertgebouw Orchestra: with soprano Barbara Hendricks. André Previn conducts Harbison, Previn, Barber and Copland; 8.15 pm; Feb 18, 19 (2.15 pm)
GALLERIES
Rijksmuseum Tel: (020) 673 21 21
● UKIYO-E: the finest Japanese prints; from Feb 18 to May 28

■ BONN

GALLERIES
Kunst-und Ausstellungshalle Tel: (0228) 9171 236
● Under the Volcano Antique Masterpieces: second in the' Great Collections Series', this exhibition represents a modern 'excavation' from among the 200,000 works of the Museo Archeologico Nazionale di Napoli that includes statues, frescoes and ceramics; from Feb 17 to Jun 5 (Not Mon)
● Wunderkammer of the Occident: a journey through the history of European museums and collections, with more than 2,000 objects that have been collected by Europeans since the Renaissance; to Feb 26 (Not Mon)

■ LONDON

CONCERTS
Barbican Tel: (0171) 638 8891
● Tippett: Visions of Paradise: Sir Colin Davis conducts the London Sinfonietta with pianist Stephen Kovacevich and soprano Faye Robinson to play Beethoven and Tippett's, 'Symphony No 3'; 7.30 pm; Feb 17
● Sorry I Forgot Valentine's Day: if you missed Valentines day, Paul Wynne Griffiths conducts the London Concert Orchestra and pianist Sarah Beth Briggs to play another evening of romantic classics; 7.30 pm; Feb 18
● Tippett: Visions of Paradise: Sir Colin Davis conducts the London Symphony Orchestra in a programme that includes the world premiere of Tippett's, 'The Rose Lake'; 7.30 pm; Feb 19
● Tippett: Visions of Paradise: Sir Colin Davis conducts the London Symphony Orchestra and violinist Midori to play Stravinsky, Sibelius and 'Tippett's Symphony No. 4'; 7.30 pm; Feb 23
Festival Hall Tel: (0171) 928 8800
● Novosibirsk Philharmonic Orchestra: with pianist Paul Crossley and bassist Anatoli Safiulin. Arnold Katz conducts Prokofiev, Shostakovich and Rachmaninov; 7.30 pm; Feb 20
● The London Philharmonic: Zubin Metha conducts Schubert, Berg and Elgar; 7.30 pm; Feb 23

GALLERIES
Tate Tel: (0171) 887 8000
● Willem de Kooning: a major exhibition featuring over 70 paintings drawn from private and public collections worldwide; to May 7

OPERA/BALLET
English National Opera Tel: (0171) 632 8300
● King Priam: a new production of Tippett's opera that opens the London festival - Tippett: Visions of Paradise, to celebrate the composer's 90th birthday; 7.30 pm; Feb 17
● Madama Butterfly: Puccini's opera, originally directed by Graham Vick; 7.30 pm; Feb 22
● Rigoletto: Jonathan Miller's updated version of Verdi's opera where the duke is a Mafia boss; 7.30 pm; Feb 18, 23
Royal Opera House Tel: (0171) 340 4000
● Der Rosenkavalier: by Strauss. Conducted by Andrew Davis, directed by John Schlesinger. Soloists include Felicity Lott/Anna Tomowa-Sintow as Prinzess von Werdenberg; 6.30 pm; Feb 20
● La Bohème: by Puccini. Conducted by Simone Young/ Paul Wynne Griffiths, directed by John Copley. Soloists include Angela Gheorghiu/ Amanda Thane as Mimi and Maria McLaughlin/ Judith Howarth as Musetta; 7.30 pm; Feb 21, 23
● The Prince of the Pagodas: by Britten. A Royal Ballet production choreographed by Kenneth MacMillan opens a Benjamin Britten 'mini festival' at the Royal Opera; 7.30 pm; Feb 17, 22

THEATRE
National, Olivier Tel: (0171) 928 2252
● The Merry Wives of Windsor: by Shakespeare. Terry Hands directs his first production at the National. With Denis Quilley as Falstaff and Brenda Bruce as Mistress Quickly and Geraldine Fitzgerald as Mistress Ford; 7.15 pm; Feb 17, 18 (2 pm), 20
Royal Court Tel: (0171) 730 1745/ 2554
● The Libertine: by Stephen Jeffreys, directed by Max Stafford-Clark. Comedy based on the works of the 2nd Earl of Rochester; 7.30 pm; to Feb 18

■ NEW YORK

GALLERIES
Guggenheim Tel: (212) 423 3652
● Ross Bleckner: mid-career retrospective of the American artist consisting of approximately 75 paintings and works on paper; from Feb 17 to May 14

OPERA/BALLET
Metropolitan Tel: (212) 362 6000
● Il Barbiere di Siviglia: by Rossini. Produced by John Cox, conducted by David Atherton; 8 pm; Feb 18 (1.30 pm)
● La Traviata: by Verdi. Produced by Franco Zeffirelli, conducted by John Fiore; 8 pm; Feb 17, 22
● Simon Boccanegra: by Verdi. A new production directed by Giancarlo del Monaco.; 8 pm; Feb 21
● Turandot: by Puccini. Produced by Franco Zeffirelli, conducted by Nello Santi; 8 pm; Feb 18, 20, 23

■ PARIS

CONCERTS
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
● Myung-Whun Chung: conducts the orchestra and choir of the Paris National Opera to play Beethoven; 8 pm; Feb 21

GALLERIES
Galerie Schmit Tel: (1) 42 60 36 36
● From Delacroix to Matisse: exhibition including the works of Delacroix, Matisse, Picasso and Degas; to Apr 13
Musée Cernuschi Tel: (1) 45 63 50 75
● Japan, Tastes and Tranquility: The Japanese Tea Ceremony: the historical and philosophical development of the Japanese ceremony; to May 14 (Not Sun)

OPERA/BALLET
Châtelet Tel: (1) 40 28 28 40
● King Arthur: music by Purcell. A William Christie and Graham Vick production; to Feb 19
Opéra Comique Tel: (1) 42 96 12 20
● Lakmé: by Delibes. Conducted by Frédéric Chaslin and produced by Gilbert Blin; 7.30 pm; to Feb 18
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
● La Damnation de Faust: by Berlioz. Conducted by Myung-Whun Chung and produced by Luca Ronconi. Soloists include Béatrice Uria-Monzon as Marguerite, and Thomas Moser/Gary Lakes as Faust; 7.30 pm; Feb 18, 20, 23
● Lucia di Lammermoor: by Donizetti. A new production by Andrei Serban. Maurizio Benini and Roberto Abbado (from April) conducts the orchestra and chorus of the Paris National Opera; 7.30 pm; Feb 17

■ ROME

OPERA/BALLET
Teatro Dell' Opera Tel: (06) 481601
● Cosi Fan Tutte: by Mozart. The Royal Opera House, London staging directed by Jonathan Miller comes to Rome with conductor Evelino Pidò; 8.30 pm; Feb 18, 21

■ WASHINGTON

CONCERTS
Kennedy Center Tel: (202) 467 4600
● Choral Arts Society of Washington: Norman Scribner conducts Menotti and Williams' 'Dona Nobis Pacem'; 8.30 pm; Feb 19
● Royal Philharmonic Orchestra: Conductor Yuri Temirkanov with pianist Eliso Virsaladze plays Britten, Prokofiev and Stravinsky; 3 pm; Feb 19

OPERA/BALLET
Washington Opera Tel: (202) 416 7800
● Vanessa: by Samuel Barber. Director Michael Kahn, conductor Christopher Keene; 8 pm; Feb 19 (2 pm)

THEATRE
Horizon's Tel: (703) 519 9123
● Kindertransport: by Diane Samuels. Jane Latman directs a moving play about the repression of memories in Nazi Germany and the survival of a woman and her relationships; 8pm; to Apr 4

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Financial Times Business Tonight

Help for the young

Richard Gourlay on easier capital for small companies

For more than 50 years, British executives have argued that small UK companies often fail to grow because they lack financing from banks and traditional venture capitalists.

This week's launch of the Alternative Investment Market (Aim) by the London Stock Exchange is the latest attempt to attract equity into dynamic young UK companies.

But the initiative also reflects a recognition that Europe badly needs the equivalent of the US-based Nasdaq – the highly successful market that focuses on fast-growing companies.

The Aim will replace the Unlisted Securities Market, which recently lacked both new entrants and investors, and should appeal more to capital-hungry companies than the USM because it will be open to entrants with no track record. It will also be tightly regulated, which should attract the investors needed to provide the liquidity the USM lacked.

Small companies have found it even harder to find equity capital in continental Europe than in the UK. Despite the existence of second-tier markets, such as the *Second Marché* in Paris and the *Mercato Ristretto* in Italy, Europe has largely failed to direct private savings into small companies in the form of equity.

The European Commission is slowly recognising the case for a second-tier market similar to Nasdaq. "Stock markets for fast-growing companies are a key element in the chain of financing mechanisms for innovative growth companies," the EU's *Strategic Programme* for Innovation and Technology Transfer (Sprint) said last year.

In response, the European Association of Securities Dealers (EASD) was set up last November by stockbrokers, the European Venture Capital Association and representatives of the Paris Bourse; it aims to launch a Europe-wide equivalent of Nasdaq – called Easdaq – late this year.

At the same time the Paris Bourse has announced plans to set up a new market for small companies that have no track record or are too young for listing on the main market. A committee of French market professionals and government representatives is expected shortly to clarify whether the Bourse will implement this plan even if Easdaq takes off.

Mr Jos Peeters, managing director of Capricorn, a Belgian venture capital company and an architect of Easdaq, says there is room for both a new pan-European market and Aim. "Easdaq is positioning itself as a primary market for high-growth companies with international ambitions," he says. "Aim does not have the pan-European element I think is essential for the development of this market with sufficient liquidity and companies."

In launching London's new market this week, Mr Michael Lawrence, the Stock Exchange chief executive, said he thought Easdaq faced an uphill struggle. Apart from regulatory issues and problems of accounting, Europe did not have a "common equity culture", he said.

This argument may be overdone. Mr Peeters says there are private equity investors in Europe, but they lack access to a European market like Nasdaq, run with full disclosure of information and adequate liquidity.

"I know of European stockbrokers who participate in every initial public offering on Nasdaq for their private clients," he says. He recalls a small stockbroker in Aalst, Belgium, who last summer raised a $20m convertible bond for a local company, Lernoud & Hauspie Speech Products, from 1,000 private investors.

The EASD has started raising the Ecu10m it needs to finance the new Europe-wide market until it breaks even.

But even before its launch its shadow has fallen over the London Stock Exchange's new market initiative. The Exchange originally said it would replace the USM with an unregulated market. But announcing Aim's rules this week, the Exchange has stolen Easdaq's clothes by focusing Aim on growth companies and making the market relatively highly regulated.

But which companies will float on it and will they attract investors? One category includes companies such as Oilfield Systems, a young Winchester-based company making software that helps the oil and gas industry pinpoint reserves. Annual sales are only £800,000, but the company made a crucial sale to BP in December and wants substantial new capital to bring its products to market faster.

The Stock Exchange is hoping Aim will also attract companies in the UK regions that need to raise smaller amounts of capital and can perhaps already identify local investors. Under Aim's rules, such companies will not need their sponsors – or "nominated advisers" in the new jargon – to produce a comprehensive prospectus, so reducing the cost of gaining a quotation.

A third category will be the 200 companies now trading on the USM which choose not to graduate to a full listing on the London Stock Exchange. The USM will close its doors at the end of 1996 although Aim opens for business on June 19.

There are also over 300 companies which are already trading under the Stock Exchange's Rule 4.2 that allows matched bargain trading. The Stock Exchange plans to end this facility on June 30. These companies include Hansom Group, which raised nearly £4m last year from 400 shareholders to build a London black cab group that now owns more than 300 taxis.

Migrants from the USM and the Rule 4.2 trading facility will get Aim off to a flying start, but it will take time to encourage wholly new entrants; they might delay issuing prospectuses if they see liquidity in companies already quoted is low. What is more, Aim's strongest backers recognise there is currently little private investor appetite for new issues even on the official list, where risk should be much lower.

In the meantime, Mr Lawrence has started promoting the Aim. He is welcoming non-UK companies. And he is co-operating with other European stock markets – not with Easdaq – considering the launch of revitalising national small company exchanges.

Companies such as Oilfield Systems now have few options for raising equity. But by the time they are ready for quotation on the new Aim, they could find they have a choice of markets in Europe.

Europa: Carl Bildt

Count the benefits

The great issue in the European debate in the next few years will be how to enlarge Europe's institutions to include the nations of central and eastern Europe.

Although much of a general nature has been said on the issue, the debate has been short on specifics. But as we take the first steps towards enlargement, specific questions will become increasingly important, raising the risk that disagreement over details could block or bring to a halt the entire process.

We can already see concerns emerging over the pressure for further substantial reform of the Common Agricultural Policy to accommodate central and eastern membership of the European Union. As these worries are likely to grow in coming years, the early political enthusiasm for enlargement might well wane and be replaced by the defensive attitude seen too often in the past.

Signs of this are already evident in the EU's negative stance on the opening of its market to goods from the east. Present agreements with central and eastern European countries allow for extensive "safeguards" on imports and virtually exclude from trade with the Union important sectors of their economies. This reflects an attitude more concerned with the dangers than with the opportunities of economic integration.

A recent document by the socialist group of the European parliament in Strasbourg underlines this cautious approach. It favours a policy that would accept "the opening of markets and competition" but would also be "gradual and comply with the rules of the game" as a means of attenuating "social consequences" in the eastern countries and in the EU.

It is generally accepted that the EU's eastern enlargement is necessary to extend stability and security into central Europe and the Baltic states. But there is a considerable risk that the enormous economic benefits will be neglected in a debate increasingly dominated by fears of change.

Both theory and experience demonstrate the benefits from the freeing of market forces and lowering of trade barriers. In the case of eastern Europe, such benefits may be larger than normal, since the process will bring the integration into the European single market of economies that are more advanced and flexible than many people realise.

Even conservative estimates are likely to show enlargement will bring significant long-term advantages for all of Europe

After the early losses of output in immediate post-communist transformation, economic growth has now resumed across central Europe and the Baltic states. These countries will probably experience growth in coming years well above that of most regions of the EU. As they move to accept the laws and regulations of the single market, a combination of flexible economies and prudent fiscal policies will make some of them extremely competitive and very attractive as production sites.

States with successful records of economic transformation, such as the Czech Republic and Estonia, will be in an excellent position from which to benefit from the advantages of the single market. In addition they will have fewer difficulties than many current members in adhering to the convergence criteria for monetary union laid down by the Maastricht treaty.

Assuming that those policies are maintained and that a neo-socialist backlash of the sort seen now in Hungary can be prevented, such countries will probably be viewed in a decade's time as more successful and promising than some existing members.

A massive freeing of markets creates potential benefits for the whole EU. But these advantages will be realised only if western Europe takes necessary steps to improve its own flexibility, particularly at the micro-economic level. Much debate has focused on the need for macro-economic convergence among the EU states. But convergence in terms of the flexibility at the level of individual enterprises and economic sectors is no less important.

Labour market rigidity is already seen as one of the EU's major problems. It will be an even greater difficulty in a Union enlarged to include the flexible and competitive post-transition economies of central and eastern Europe. As a result, enlargement inevitably raises fears of increased unemployment in the west: a factor that exacerbates the defensiveness now starting to creep into the debate on this issue.

In the past, the EU has shown it can confront and overcome the fears brought about by the prospect of political and economic change. When the single market programme was under discussion in the late 1980s, studies pointing to the significant long-term economic benefits that it would bring had an important influence on increasing its acceptability.

The European Commission's report in 1988 drawn up under the stewardship of Paolo Cecchini estimated that the single market programme would give Europe a medium-term boost of 4.5 per cent of gross domestic product. These findings had a crucial impact in helping create political support for necessary decisions.

Seven years later we need a similar study on the economic consequences of enlargement. The Commission is already working on a white paper on the subject, to be discussed at the next European summit in June, but a broader analysis is required to show the full benefits for the continent as a whole.

My suggestion is that the Commission should appoint a high-level panel of economists to report on the consequences of extending the EU to central Europe and the Baltic states. Such a report should be drawn up by the end of the year, before the beginning of the 1996 inter-governmental conference on revising the Maastricht treaty. If we are able to remove the rigidities hampering our development, even conservative estimates are likely to show enlargement will bring significant long-term advantages for all of Europe.

We need weapons to counter the special interest groups that will be trying to slow down or stop enlargement. A second Cecchini-style exercise could provide such an instrument. The first report gave political momentum to the development of freeing markets in western Europe. A second one could spread the process across the whole continent.

The author, Swedish prime minister between 1991 and 1994, leads the Moderate party in the Swedish parliament

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

Consistency in S Korean move into EU

From Dr Michael C McDermott.

Sir, During the late 1980s a number of South Korean companies established their first plants in the European Union. The timing of these investments invariably coincided with the imposition of anti-dumping duties – the stick.

Your article, "Big gamble on a European thrust" (February 10), asks if "the stampede abroad by South Korean corporations is brave or foolish". I would suggest that it is neither. Instead, it is an indication of flexibility and intelligence. Moreover, the move into Europe is entirely consistent with the well-known strategic intent of these corporations (for example, Daewoo, Hyundai, Kia, LG, Samsung, Ssangyong, Sunkyong) to become global leaders. Booming markets in east Asia and the strong yen afford an ideal opportunity for their international expansion.

It now seems likely that large South Korean companies and their suppliers will increase substantially their presence in the EU. Surely, it should be evident to all that this large market is sufficiently attractive to companies – irrespective of nationality – for inward investment to occur without providing financial incentives (the carrot) to investors.

It should also be remembered that the net benefit of inward investment needs to take into account the impact on competitors. Of course, the EU should welcome inward investment, but a strong Korean presence in the EU represents another force that indigenous companies and other foreign investors need to be mindful of. Moreover, it is the Japanese that seem to have recognised the benefits of competition through co-operation with the Korean giants (for example, Honda and Daewoo). By complaining of dumping and accelerating the internationalisation of Korean players, perhaps it is the actions of European corporations which may be best described as "brave or foolish".

Michael C McDermott,
Strathclyde International Business Unit,
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Glasgow, Scotland, UK

Too hard to understand

From Mr Roger A Bartlett.

Sir, I refer to your article "P&G sues Bankers Trust over more swaps" (February 7). This story will run and run – perhaps "BTgate" could be used to describe this saga, given the tape recordings now revealed.

On a more serious note, I believe all of those wishing to participate in the financial derivatives markets require a much greater understanding of the costs and benefits of these instruments. For example, at this company I decided against entering into such contracts, despite their apparent attractiveness. My decision was based both on the way in which they were presented to us and our (admitted) lack of understanding of the full implications.

Common sense seems to be sadly lacking as fear of being caught out by doing nothing in a volatile market overcomes all rational behaviour.

I do not know who is to blame for the mess, but does it really require all that much effort on the part of those involved (sellers and buyers) to make a genuine effort to understand the contracts they are writing? If it takes a mathematical genius to understand it all, then I for one will have to wait until it can be clearly explained to me in simple terms before again considering any such "all singing, all dancing" solutions.

Roger A Bartlett,
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Special TV and film policies for Europe

From Ms Carole Tongue MEP.

Sir, Your paper has long maintained that TV programmes and films are like any other product on the market. They are not. They are part of our cultural heritage which affects people's hearts and minds through the most powerful medium in the world – the screen.

With the current expansion of new technologies in the industry there is the potential for creating 1m extra jobs in the audiovisual industry in Europe. This will only happen if we have mechanisms like the EU television without frontiers directive (which will strengthen the European programme industry and increase the circulation of programmes between European countries through a broadcasting and investment quota) and the media programme to promote training, marketing and distribution of Europe's audiovisual programmes and films.

National support is also required. At present, Europe's terrestrial TV channels carry a mix of national and US programmes, with only 8 per cent of their programmes from other European countries. For example, Channel 4 only showed five European documentaries in 1994.

Let us create space for European programmes to circulate, enhancing our culture, increasing mutual understanding and creating thousands of jobs in our creative arts. Again, broadcast and investment quotas are ways to encourage this. They are needed for a transitional period of up to 10 years to provide a breathing space for the European industry to restructure and for investment to be stimulated. European industry might then be able to take on the might of the US companies, which are able to sell their films in a secondary market at a 10th of the cost it takes to produce quality European drama and documentaries.

In a situation of imperfect market competition, special policies are required to ensure that all Europe's voices are heard and all Europe's stories are told, and that Europeans gain economically and culturally from an ever-growing industry.

Carole Tongue,
PES spokesperson for culture and media policy,
European Parliament,
Strasbourg, France

Top companies favour harmonisation

From Mr Edmund Thompson.

Sir, How refreshing to have some evidence from Mr Stefano Micossi (Letters, February 16) in answer to the misleading assertions of Tim Melville-Ross, director-general of the Institute of Directors (Letters, February 2 and 14). Perhaps I could offer some more from the 150 or so interviews about Europe I have just completed with chief executives of the UK's top 1,000 companies.

The majority indeed welcomed the opportunity for "less regulation" than European harmonisation in fact offers, fully recognising it to be preferable to individual countries setting standards in their own, usually protectionist, "national interests". While few thought influencing EU legislation to be easy, most regarded it as vastly more efficient than trying to lobby several separate national legislatures.

Furthermore, Commission directorates are reportedly receptive to sensible input on the key technical and competitive implications of legislative proposals, and keen to have business views direct from companies rather than from so-called representative groups, such as the IoD.

The Commission is apparently aware that such groups are rarely as representative of business as they pretend and that their commercial expertise seldom extends beyond an ability to sell memberships in order to pay secretariat salaries. Of the directors interviewed, the vast majority were not IoD members. The few that were seemed to regard it more as a conveniently located club than a representative body.

So even if the IoD has a smattering of members from an "entire spectrum of UK business", it is presumptuous for its director-general to claim his views on Europe are "broadly representative of business as a whole".

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Achieving success through superiority – but by what means?

From Mr Nicholas Kydd.

Sir, Having begun your piece on Mexico ("Perspective on a panic" February 11/12) by quoting General Porfirio Diaz, perhaps when you come to Chile you will lead with something from General Augusto Pinochet. For the Chilean example may, as you say, show "that "success is possible in Latin America if a country sticks to superior policies over long periods"; but would that not be owing, in large part, to the putsch led by General Pinochet, and the decades of dictatorship and repression that followed? *A tout seigneur, tout honneur.*

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FINANCIAL TIMES

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Friday February 17 1995

Mr Yeltsin's confusion

Once again, President Boris Yeltsin has given his own people, and the outside world, a whole host of conflicting signals in his state of the nation address to the Russian parliament. Anyone looking for a clear sense of direction is bound to be disappointed.

On the economy, he insisted that Russia must create a favourable climate for foreign investment, and integrate with the outside world. But he also said that the creaking system of state farms and factories needed continuing protection. On the political front, he admitted that the military campaign in Chechnya had been bungled, but he did not apologise. Rather, he continued to justify the action, and he did little more than rap his military commanders over the knuckles, while calling for heightened combat readiness. His defence minister, General Pavel Grachev, whose job was supposed to be in question, took the remarks as an invitation to urge more military spending.

It is obvious that Russia today is not a place in which one can tell where the government is going from one day to the next. Mr Yeltsin seems to be driven simply by his determination to remain in power. He shows no real understanding of the reform process on which he is supposed to be embarked, but does just enough to keep his western benefactors at bay. It is clear that the reform process needs his personal commitment if it is going to succeed, but it is equally clear that his commitment will never be unequivocal.

The western world must now face up to that reality. Unwavering support for Mr Yeltsin has long been unsustainable, although as Russia's first elected president he obviously remains the man with whom one must deal.

Right strategy

In the first place, western leaders in the Group of Seven, and through the medium of the IMF, must make no bones about the *right reform strategy for Russia. They should invite Mr Yeltsin to* the next G7 summit in Halifax, Nova Scotia – not exclude him, as some member states are apparently tempted to after the Chechnya debacle – and there they should tell him he is foolishly confused. In trying to balance the interests of all his constituencies – from reformers and new businessmen to the barons of state industry and agriculture, and from sophisticated diplomats to truculent army commanders – he is ensuring short-term survival, and long-term failure. There is no solution for Russia other than decisive steps along the path of reform.

Yawning deficit

The IMF negotiators whose support is seen as critical to that reform process have withdrawn to Washington to lick their wounds. They must decide whether they can accept the yawning fiscal deficit and the lack of coherent policies on export liberalisation and oil, and whether they believe the Russian government means to deliver its side of the bargain. After Mr Yeltsin's speech they still do not know where he stands, who his real allies are, and whether he is remotely capable of delivering the budgetary and monetary discipline they desire.

One reassuring statement was that he will allow next year's presidential election to go ahead. He is more likely to lose than to win it. For the west, many of the alternatives might be worse. But that is no reason to shy away from the electoral process.

For the time being, the awful truth is that it is not possible to work with Mr Yeltsin – nor to work without him. The commitment of the Russian government alone has been proved inadequate. The president is too powerful to ignore. Nevertheless, the west must now start planning for a world without Yeltsin. It must do so with the utmost care, and in full awareness of the limits on its influence. Not all the alternatives are worse, but any indication of western "champions", in the current Russian climate, would almost certainly play into the hands of hardline nationalists.

Indeed, given the unpredictability of Russian policy and politics, the best the west can do is draw up its own clear policy objectives, and stick to them as best it can. They remain the promotion of the painfully slow process of learning democracy, and the equally painful, but ideally swifter, process of creating a market economy. The underlying principle must be to back policies, not individuals.

Mission to explain itself

The BBC's analysis of its programmes and its audience's tastes, published this week, is an admirable attempt to define its strategy. But the report reflects profound confusions about the course it should take. Until it develops a coherent plan, the UK's largest broadcaster will be in danger of losing audiences and of surrendering its claim to funding by the licence fee – the flat rate payment by all viewers. It could also jeopardise an alternative future in the commercial sector.

At present, the licence fee is safe. The government has agreed to link it to retail prices until 1996, and to preserve it in some form – albeit at an undecided level – until 2001. But as the BBC rightly recognises, its claim on the licence fee will diminish as its audience share is eroded by cable and satellite (although so far, the Corporation has tended to over-estimate the newcomers' penetration).

The government has given it a clear nudge to develop commercial activities such as programme sales and new international channels to bolster the licence fee. But one possibility is that the BBC will eventually be forced to move entirely into the commercial sector and to take advertising.

This week's report is designed to stave off that day. In a torrent of self-criticism, the BBC says it runs the "risks of self indulgence, élitism and irrelevance". But in arguing that it is "funded by all to make programmes for all", it commits the fallacy of thinking that it must appeal equally to all viewers.

High quality drama

That has set it in anxious pursuit of groups who profess themselves "neglected". But to define programmes by the race, sex or age of their target group is to mistake variety of subject for real diversity of ideas. Moreover, the position that no viewer should be dissatisfied could lead to the self-censorship of believing that no viewer should be offended.

There are signs that, in the pursuit of minority audiences, the BBC is losing its traditional strengths, particularly high-quality drama and other entertainment, both high-brow and popular. As the BBC acknowledged this week, "with the outstanding exceptions of *Eastenders* and *Casuality* we have found it difficult to produce good drama with popular appeal".

So long as it is dependent on the licence fee, and therefore on political decisions, it will also need to defend its reputation for politically impartial news and current affairs.

The current search for identity reflects a long-standing tendency at the BBC to try to do everything. It has no criterion by which to withdraw from types of programme or activity. Other than, perhaps, unequivocal failure: the collapsing audience of Radio 1 raises the question of whether the BBC really has a role to play in popular music as competition increases.

Gains in efficiency

The danger now is that the huge gains in efficiency which the BBC has made in the past seven years will be used to add more activities without a clear sense of purpose. While the licence fee remains, that lack of discrimination will continue to push the BBC up against the financial buffers. It will also weaken its attempts to develop commercial income; programme sales and new channels are driven by its stable of traditional successes, not by minority programming. Moreover, if the licence fee is ever withdrawn entirely, the BBC's best hope is in offering its core audience to advertisers.

Consultants' reports cannot repair the BBC's current lack of self-confidence, because they will always reveal disgruntled viewers. Instead, the BBC should concentrate on its strengths. It should not be embarrassed that many of its programmes appeal most to middle class people in southern England, who comprise much of the population. It will then automatically find itself offering a different service from the commercial channels. It will also stand the best chance of securing its financial future.

The current attempt to appeal to all is simply delaying the day when the BBC will have to work out what it does best. The extension of the licence fee has given it a breathing space to find the answers, and develop conviction in pursuing them. If it were in the commercial sector already, it would not have that leisure.

Angus Foster explains why President Cardoso's proposal to rewrite the Brazilian constitution is so important

Slow march towards reform

Mr Fernando Henrique Cardoso, Brazil's newly elected president, wrote many books in his earlier academic career. He is now seeking to rewrite one of the country's most important and complex volumes, its 151-page 1988 constitution.

Yesterday the president delivered his first proposals for reform to congress and told legislators the changes were needed to modernise the economy and political system. The country's constitution is widely blamed for the government's budget problems and for limiting foreign involvement in business.

Many of the proposals are controversial, and are likely to dominate this year's political calendar, with congressional approval difficult to predict. If congress rejects the reforms, Mr Cardoso's governing coalition could fall apart and his high standing among foreign investors would evaporate.

"These reforms are so important because they could reduce the state's role in the economy and will decide whether we join the rest of the world in pursuing competition and a smaller role for government, or remain lagging behind," according to one official.

Brazil's constitution is an extraordinary document, written by left-leaning politicians shortly after the 1985 return to democracy. It tried to enshrine economic and social rights which the drafters felt had been ignored during the military rule.

Some chapters were enlightened, giving Brazil progressive laws on environmental and Indian rights (although enforcement of these provisions has been disappointing). Others were idealistic and have never been put into effect, for example a 12 per cent maximum annual real interest rate.

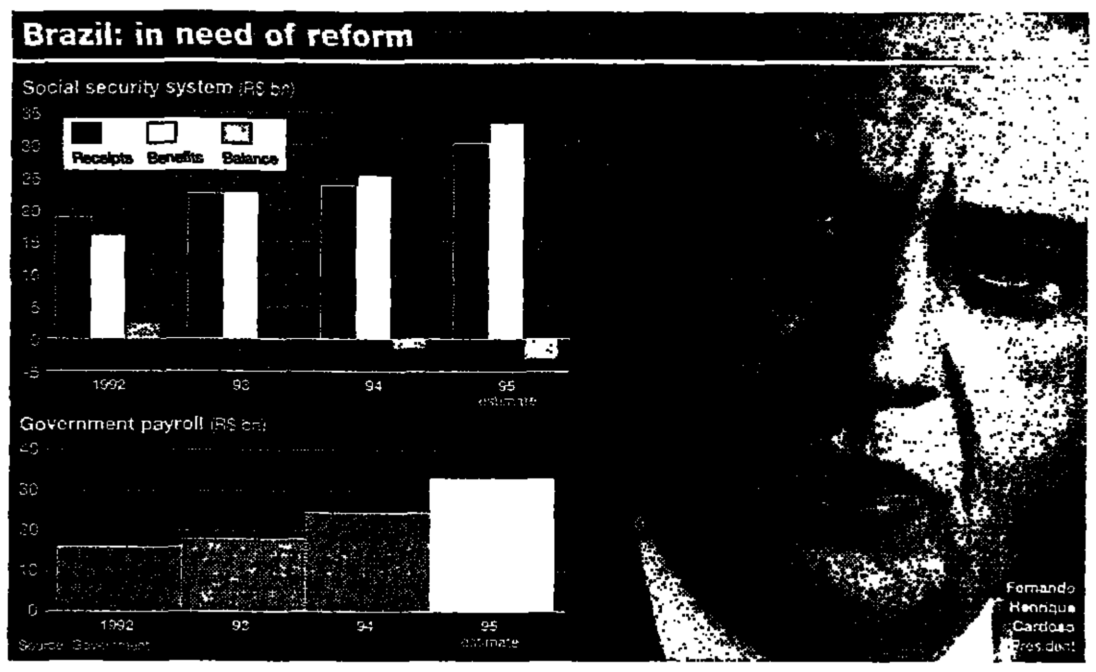
But many of the document's 245 articles that have been implemented are seen as adding to the government's financial crisis.

For example, the new constitution required the government to devolve some revenues to the states, but not spending responsibilities – reducing the resources available to central government for investment and infrastructure projects.

It also entrenched a generous social security system, which allows some people to retire aged 40 and others to claim multiple pensions. This has come close to collapse, with benefits likely to outweigh contributions by about $3.2bn this year.

Mainly because of these factors, the pessimistic forecast for the central government's budget this year is a $15bn deficit, equal to about 3 per cent of gross domestic product.

Mr Cardoso attributes his election to his success as finance minister in bringing down inflation by introducing a new currency, the Real. He has therefore given priority to economic reforms in changing the constitution, believing that economic uncertainty will undermine his influence in congress. Other changes, mainly to the voting laws and party political system, will be left until later this year.



Fernando Henrique Cardoso President

The proposals delivered to congress are designed to remove disadvantages imposed by the constitution on foreign-controlled companies. They would allow them to compete in previously restricted areas such as mining and hydro-electricity generation. And state monopolies in oil exploration and production and telecommunications would be opened to private sector competition.

In coming weeks, Mr Cardoso is expected to propose further reforms to overhaul the social security system. He wants to unify the government's various pension schemes, set an upper limit for benefits and allow the private sector to provide pensions for the wealthy. Individuals will have to contribute for a set period, possibly as long as 40 years, before they can retire.

Action will also be taken against corruption and abuses of the system. The army in one state, for example, has 22 working and 330 retired colonels on its payroll.

Changes are being prepared to simplify the chaotic tax system, which has 59 taxes and social contributions. It is also one of the few in the world to impose punishing sales taxes on exports. Some spending responsibilities, for example on health, will also be transferred to the states.

Mr Cardoso's chances of carrying these reforms are mixed. Each amendment to the constitution requires a vote by three-fifths of both houses of congress in two separate votes in each house. Last year, a special constitutional revision session failed to approve many of the same reforms, even though amendments then needed to be approved only by a majority.

Mr Marco Maciel, the vice-president, is optimistic that the new congress elected with Mr Cardoso is keener on change than the old. "Congressmen now know the people want reforms," he says.

The Real's success gives Mr Cardoso the public backing to put pressure on congress for change, says Mr Maciel. He also thinks the crisis in Mexico has helped. "Mexico showed Brazil and congress the need for reforms, especially in the fiscal area," he says.

On paper, at least, the government commands a majority in congress, with its six-party coalition controlling nearly 70 per cent of the 594 seats.

However, the coalition embraces a wide range of parties from centre left to the right. And the government's majority is much weaker than it appears, mainly because of Brazil's immature political system. Congressmen are loyal to powerful individuals rather than political parties, and votes are often decided on personal and regional grounds. Mr Celso Napolitano, a São Paulo political consultant, says: "Theoretically the president has three-fifths support, but when it comes to a vote, it's a lottery."

Although the reforms proposed yesterday are less controversial, opposition to further measures is likely to be considerable. The social security system changes will force people to work longer before retiring, and end the special benefits enjoyed by influential interest groups. The tax reforms will annoy state governors, who are worried that the changes will leave them with lower revenues. These groups will put pressure on congress to amend or delay the reforms.

Faced with such worries, Mr Cardoso is moving cautiously. On some issues, there are also signs of splits in the government. It is considering withdrawing controversial proposals to reform the constitutional article that makes it almost impossible to fire public sector workers, which has been partly responsible for the sharp rise in the government's wage bill.

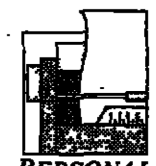
The president characteristically prefers gentle persuasion and a slowly built consensus. This careful approach contributed to the success of the Real's introduction, before the presidential election. This time, however, the strategy is riskier. Brazil's conservative and business elites were prepared to back Mr Cardoso over the Real because a radical leftwinger, Mr Luis Inacio Lula da Silva, was the clear leader in the presidential opinion polls. Now there is less urgency for them to support Mr Cardoso.

There are also concerns over the government's timetable for reform. Mr Maciel says voting could start in the lower house in April and be completed in the senate by the end of June. This would give the government the rest of the year to press for political reforms – likely to include changes to the party system and allowing the president to stand for more than one term of office. These must be approved by the end of the year to avoid a clash with next year's municipal elections.

But the timetable has already started to slip. The tax and social security proposals due to be presented yesterday were delayed because of disagreements between ministries about which proposals were politically feasible. With the new congress keen to review every executive action, the legislative process will be slow and Mr Maciel's optimistic voting timetable could quickly fall behind schedule. Some government ministers think it may take most of this year to approve the economic reforms, leaving the political changes uncertain.

Delays may not matter as long as the majority of the reforms are eventually passed. But they will expose the fragility of Mr Cardoso's majority and undermine his standing in congress. His government might then find it has missed the chance to push through the more controversial changes that are so essential for the further development of Brazil's economy.

Mexican precedent for Ukraine



PERSONAL VIEW

European governments were taken aback by the way the US last month commandeered the International Monetary Fund, the Bank for International Settlements and leading governments to arrange a $52bn bailout for Mexico.

The sum earmarked for Mexico is probably more than is necessary to achieve the key goal of stopping creditors from panicking and unnecessarily pushing the country into default. But the package has exposed the failure of the European Union to come to the aid of *its* neighbours in urgent need.

The discrepancy between Mexico's treatment and that received in recent years by Algeria, Yugoslavia and Russia could not be more stark. In the virtual absence of leadership from the EU, each of these countries suffered a disastrous financial crisis which undermined fragile attempts to strengthen democracy and to implement economic reform.

Algeria was pressed in 1991 to transfer around 5 per cent of national income to its creditors at a crucial stage in the liberalisation process. Yugoslavia's request for its debt to be rescheduled during a last-ditch stabilisation programme in 1990 was turned down. And Russia received a pittance from the IMF in the crucial years of reform, between 1992 and 1994.

Ukraine is the latest foreign policy test of this type for the EU.

A new reform-minded government led by President Leonid Kuchma came to power in June 1994, inheriting hyper-inflation and an utter collapse of public administration. Mr Kuchma has rallied the country to the cause of economic reform against great odds. If his current effort fails, Ukrainian sovereignty could be at risk, with revanchist Russians looking to "reunite" it with the "motherland".

The EU's response has been extremely feeble. It has found about Ecu85m in loans to provide support for Ukraine's balance of payments – but Ecu65m of this must be used to repay debts to the EU that are falling due. The IMF will put up another $1.5bn – an amount equal to Ukraine's IMF quota, the contribution each country makes to the organisation's funds. This compares with $17bn pledged by the IMF for Mexico – equivalent to seven times Mexico's IMF quota.

The overall sums for Ukraine are minuscule, and fall short even of the inadequate pledges made at last summer's summit of the seven leading industrialised nations when $4bn in aid was promised.

The Mexico package has exposed the EU's failure to come to the aid of its neighbours in urgent need

To some extent the experience of Ukraine – like those of Algeria, Yugoslavia and Russia – reflects Europe's difficulty in co-ordinating the response of a dozen countries to international issues. But it also reflects a serious misjudgment by the EU about the best course of action to adopt. Its instinct is to wait for financial matters to take care of themselves, rather than mobilise an emergency package of financial support.

This is an odd stance for EU member states to take. After all, they first achieved post-war financial stability with the help of credits supplied by the US government under the Marshall Plan.

The problem is that governments' financial crises tend to spiral out of control until reform-minded politicians are ousted by extremists.

Without significant external assistance, most financially strapped governments cannot win the time needed for basic reforms. When creditor governments fail to provide meaningful financial support to back up their calls on debtor governments to get their house in order, the result is usually a political débâcle in the debtor country.

The EU should follow the Mexican package with a suitable Europe-led package for Ukraine.

Rather than the $1.5bn now on offer, the IMF should provide $3bn: $1.5bn to help Ukraine's budget and $1.5bn to help back a new Ukrainian currency. The World Bank should put up another $1.5bn for urgent balance of payments support, as opposed to the meagre $500m now on offer. And European nations should together mobilise $1bn in urgent additional support.

Sooner rather than later, new market-based solutions will be needed for crises such as these. The IMF should have new powers to authorise debtor governments in distress to tap markets for new funds on an urgent "priority" basis. Repayment of old debts would be legally subordinated to repayment of these emergency loans.

Such mechanisms should be discussed at this year's G7 summit, where the role of the international institutions will be on the agenda.

But short-term emergencies in Europe's backyard should not wait for long-term reforms. Europe must act to defend its security interests. It can take a cue from the US's quick and ample response to the Mexican crisis.

Jeffrey D Sachs

The author is professor of international trade at Harvard University

OBSERVER

Comrades in adversity

■ Just as things were beginning to look up again for Poland's President Lech Walesa, he's run into another sticky patch.

Lech Falandysz, his top legal aide, has resigned, adding to the lengthy list of those who have jumped ship. What's upset Falandysz, one of Walesa's key figures? Falandysz has recently been a daily fixture for Poland's media, faithfully defending his president.

He has also invented various legal ruses to block the passage of this year's budget, thereby hamstringing Waldemar Pawlak, outgoing prime minister.

Falandysz says he's off because he can't stand the "style and method of work" of Mieczyslaw Wachowski. "The rest is silence," he cryptically added.

Falandysz has served Walesa well for three arduous years. But Wachowski and Walesa go back a *long* way. In 1980, during Solidarity's heyday, Wachowski, a former taxi driver, became Walesa's chauffeur. He thereafter dropped from sight, returning to public life in 1990 – when Walesa became president – as the chief minister in the president's office, an influential job which he fiercely defends against interlopers.

It's not the first time that Wachowski has been cited as the cause of a senior resignation; last year Andrzej Drzycimski, the presidential press spokesman, also left in a huff.

Next week Walesa is off to Latin America. When he gets back he will decide whether to accept Falandysz's resignation.

Huff and puff

■ Privatisation of all but 10 per cent of Seita, France's state tobacco monopoly, may not have gone as smoothly as finance minister Edmond Alphandéry hoped. With annual turnover upwards of FFr15bn and no significant debt, Seita might seem an attractive prospect.

But to what type of investor? About 25 per cent was offered to individuals and French residents. France's oldest anti-tobacco organisation, the Comité National de Lutte Contre le Tabagisme (CNCT), has spotted a chance to worm its way through Seita's doors.

The CNCT urged supporters to buy at least 10 shares, and acquire the right to attend Seita's annual general meetings, where they can "turn themselves into a stone in the shoe of Seita". There's to be no smoke without fire, it seems.

Metall-bashing

■ When Joseph Schumpeter, the Austrian economist, wrote of "creative destruction", he meant innovation and changing markets – not financial speculation. Never mind. Metallgesellschaft needs all the allies it can muster, as it recovers from the loss in US oil futures trading that nearly pulled it under last year.

Now just back in the black, the industrial and trading group has placed advertisements – using Schumpeter's words – in German newspapers, telling people what went wrong and saying what it hopes is now going right.

Those wanting to learn more of how this latter-day Icarus managed to keep going are informed they can obtain an information package from the company.

For which Metallgesellschaft anticipates heavy demand: it has printed 70,000 copies. On Wednesday, when the ads first ran, so many called that new lines had to be installed. The flood continued yesterday, much to the group's surprise.

Why the astonishment? Everyone is fascinated by tales of death-bed recoveries – they're so rarely true.

It's only a game

■ The longest election campaign in recent Spanish history culminates on Sunday. Weeks of full-page glossy newspaper ads, television commercials and broadcast debates leave no doubt about the election's importance.

At stake is the chairmanship of Real Madrid football club. The 54,000 eligible voters have three candidates to choose between.

The patriarchal Ramón Mendoza, 67, former import-export dealer and club chairman for the past nine years, has edged ahead in the polls over 47-year-old building company chief Florentino Pérez. Trailing third is Santiago Gómez Pintado, 58, ex-player and owner of a motor business.

Combined campaign costs are thought to run into many millions of pesetas, with arguments focusing on development plans for the club's dilapidated sports complex.

The contest has of course been conducted according to the true gentlemanly spirit of the game. Mendoza, whose chances are boosted by Real Madrid's current top position in the Spanish league, has accused Pérez of being "anti-Madrid ... an expert liar" and "an ignoramus about football".

If Mendoza was only half right, Pérez could always find an English club to run.

Barking mad

■ Danish police dog-handlers are annoyed; they have been landed with an extra tax bill requiring them to pay tax on the allowance they get for upkeep of the dogs they use in their work.

Where will it all end? Fire fighters getting taxed on the polish allowance for their ladders?

Time to tax doctors on the allowances they get for their thermometers ...

The Financial Times

50 years ago

India's big car order
The Government of India has ordered a large number of motor-cars for civilian use. Bombay informed circles say about 2,500 baby and other cars, either Austin or Morris, are expected in India in the next three or four months. The necessary shipping space is being arranged.

Paint company shares
With shares, as with merchandise, the dearest-looking wares are frequently considered among the best and most advantageous to buy. A case in point is provided by one of the leading paint shares, Pinchin Johnson Ordinary. There seems to be justification for the market's confident appraisal of good paint shares. Expectations of the continuity of present dividends during war time and of higher dividends and capital appreciation after the war appear to be based on solid grounds. Consider the position and outlook as one may, it is difficult to escape the conclusion that the paint manufacturer is in an enviable position.

The Financial Times was not published on Sunday, February 17 1895

FINANCIAL TIMES
Friday February 17 1995

Ministers and industry discuss future of European aerospace

By Michael Skapinker in London

British, French and German ministers and industrialists have set up a forum to discuss the future of the European aerospace industry.

The group, set up at the initiative of Mr Michael Heseltine, UK trade and industry secretary, met in Paris on February 7. Further meetings are expected.

The French delegation was headed by Mr Bernard Bosson, the transport minister, and Mr Jose Rossi, the industry minister. Mr Gunter Rexrodt, the German economics minister, was present, and the meeting was also attended by the heads of the leading aerospace companies in the three countries: Aerospatiale, Dassault and Snecma of France, British Aerospace and Rolls-Royce of the UK, and Daimler-Benz Aerospace of Germany.

Those at the meeting said no specific decisions were reached. Industrialists said the initiative to set up the group had been taken by the politicians but that company heads had an open mind about what it could achieve.

The meeting discussed moves towards consolidation of the European civil and military aerospace sector and what could be done in the future.

There have been several recent joint initiatives by companies from the three countries and by other European aerospace groups. The three countries have representatives in Airbus Industrie, the manufacturing consortium which is the most successful example of European aerospace collaboration. Airbus, which is jointly owned by Aerospatiale, Daimler-Benz, British Aerospace and Casa of Spain, last year won more aircraft orders than Boeing, its US rival.

Last month, British Aerospace, Aerospatiale and Alenia of Italy launched a joint venture to market regional jets and turboprop aircraft. While the partners in the venture see their alliance as an essential consolidation of an industry which has 17 manufacturers worldwide, it was criticised by Daimler-Benz as being too parochial. The German group, which is not part of the venture, believes Asian companies will have to be included.

There are other serious rifts within the European aerospace industry, largely involving the UK. Some European government officials have criticised what they see as the UK's lukewarm attitude to the Future Large Aircraft military transporter project.

Airbus plan for Japan tie-up fails, Page 6

AT&T loses key role in information highway project

By Alan Cane in London

American Telephone and Telegraph, the largest US telecommunications operator, has been dropped from a key role on a pioneering $5bn information superhighway project.

Bell Atlantic, a regional Bell telephone company serving part of the US Atlantic seaboard, intends to fulfil ambitions of its own to become a leader in superhighway technology.

Bell Atlantic's decision will be a bitter blow to AT&T, which earlier this week announced a new business division designed to pull together its skills in systems integration, project management and technical consultancy.

The Bell Atlantic's project, announced in May last year, is one of the most ambitious moves in the US into the information superhighway, which aims to deliver a two-way stream of information to homes and offices. Bell Atlantic said yesterday that it had decided to drop AT&T as prime contractor and systems integrator for its "full service network" project.

The cost of the five-year project, expected to be completed in 1999, has been put at $5bn, about half Bell Atlantic's capital expenditure over the period.

AT&T, as systems integrator, would have bought in equipment and services from other manufacturers and managed the implementation as a complete package. Its share of the fee would have been about $500m.

Bell Atlantic said it would manage the systems integration and was moving towards sealing final agreements with its suppliers – which will include AT&T and General Instrument. AT&T put a brave face on the news, saying it regarded Bell Atlantic as a valued customer and would continue to work with it on the project.

Mr Lawrence Babbio, Bell Atlantic's vice-chairman, said : "After considerable discussion and analysis we have concluded that we should assume most of the systems engineering and systems integration responsibilities ourselves."

Bell Atlantic's network will be accessible to some 8m homes in New Jersey, Philadelphia, Baltimore and Washington DC. It will carry cable television, home shopping, banking and interactive services including education. The network proposal still has to be approved by the Federal Communications Commission.

China bans overseas loans for provinces

By Tony Walker in Beijing

China has banned borrowing overseas by provincial governments in a further attempt to restrain growth in the country's foreign debt, which stands at about $100bn.

The state council, or cabinet, outlawed the issuing of bonds internationally except by authorised organisations. The decree also prohibits local governments seeking credit ratings to enable them to borrow abroad.

The latest tightening of the rules on raising capital abroad follows recent cases of Chinese organisations running into debt repayment difficulties.

Officials have expressed concern over the country's growing debt, although China's foreign exchange reserves have risen sharply in the past year to $50bn and its export earnings comfortably cover interest payments.

China's foreign debt grew last year by about $17bn. Debt stood at $83.5bn at the end of 1993. Principal and interest repayments are running at about $20bn annually, according to an official of the State Administration of Foreign Exchange Control.

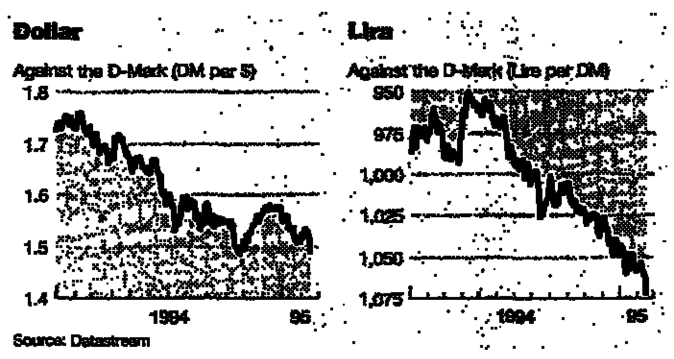
The state council order said: "Local governments may not run a deficit budget and have no right to issue bonds overseas, and therefore it is unnecessary for local governments to have credit studies."

Wealthier southern provinces such as Guangzhou have raised funds in the international market in the past year. This is in spite of the fact that provinces are not among China's 13 institutions, such as banks, permitted to borrow abroad.

The representative in Beijing of an international lending institution said the state council decree reflected a feeling that there had been "excessive borrowing, and the fact that there was no real need to do too much borrowing now foreign exchange reserves are quite healthy".

Foreign bankers expect China's overseas borrowing this year to fall. This reflects the continuing credit squeeze aimed at curbing inflation, and official nervousness about sharp increases in foreign obligations.

D-Mark rises



Source: Datastream

Continued from Page 1

weak yesterday. Mexican shares fell 2.2 per cent in early afternoon trading. Argentina dropped 5.85 per cent and Brazil fell 5.56 per cent. In dollar terms, the Mexican market is back below its level on January 30, just before US president Bill Clinton announced the $50bn rescue plan.

Problems in Mexico are perceived to be bad for the dollar, because markets believe the US will be forced to meet the cost of any rescue exercise.

US appeals over Microsoft

Continued from Page 1

competition a market that has been closed by defendant's illegal restraints" because the Justice Department had only attacked a narrow segment of Microsoft's monopoly position.

But Ms Reno said the law did not give Judge Sporkin the right to review unrelated charges and urged a quick appeals court ruling on the issue.

Mrs Anne Bingaman, assistant attorney general for antitrust, said she saw Judge Sporkin's decision as a "huge threat" to her division's ability to prosecute antitrust violations.

"Plea bargains and consent decrees are a vital part of the prosecutor's job," she said, noting that the antitrust division was currently entering around three consent decrees a month.

Microsoft's share price, which fell on Wednesday after the judge's decision, was unchanged yesterday at $60¾ in early afternoon trading.

LEX COLUMN

Top Marks

The recent strength of the D-Mark owes as much to the weakness of other currencies as to its own inherent attractions. Political uncertainties explain the plummeting lira, the stumbling peseta, the sagging pound. The problems of the US dollar are partly political, insofar as they reflect instability in Mexico. But it is also dawning on financial markets that lower-than-expected economic growth in the US may spell more moderate interest rate tightening than hitherto predicted.

All this is good for the D-Mark. But the currency's fundamental strengths are also responsible. In contrast to the US, the German economy is enjoying a stronger-than-expected, export-led recovery, as yesterday's fourth-quarter growth figures show. The Bundesbank also enjoys high anti-inflation credibility in the eyes of international investors. A third factor is that German short-term interest rates are likely to move upwards soon. True, the appreciation of the D-Mark in itself constitutes a tightening of monetary policy and private consumption is weak. But inflation will bottom out this spring. Thereafter the Bundesbank can be expected to take pre-emptive action.

One anomaly is that the recent appreciation of the D-Mark against the US dollar has not been matched in the bond market: since November last year the yield gap between US Treasuries and 10 year bunds has dwindled from about 60 basis points to nothing. If the D-Mark's appreciation continues, that yield gap may start to open up again.

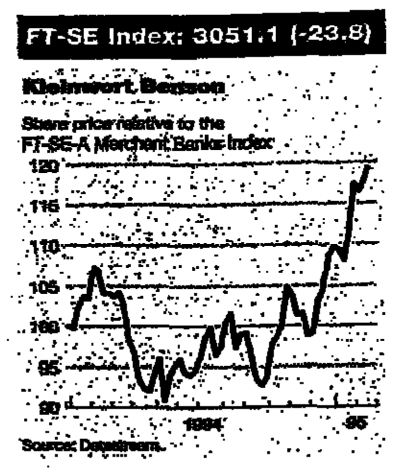
Supervisory boards

For decades, a seat on the supervisory board of a large industrial company was the crowning glory of a German banker's career. More recently, a supervisory board mandate has become a poisoned chalice, as the Deutsche Bank directors who chair the supervisory boards of companies such as Metallgesellschaft and Klöckner-Humboldt-Deutz have discovered.

Entanglements with these and other companies have taught Deutsche a lesson, as this week's outspoken remarks from the bank's Ms Ellen Schneider-Lenné confirm. She suggests that bankers should refrain from occupying the especially influential role of supervisory board chairman. Bankers should also the keep the number of supervisory board mandates to a minimum, she argues – well below the legal maximum of 10 such seats. This has now become Deutsche Bank policy, a welcome change in the institution's attitude to such matters. Shareholders in the bank should be pleased, as they have suffered because of its involvement in one corporate débacle after another. Bankers will now have more time for running the bank.

It is also good for shareholders in other German companies, as the move is part of a trend to make company supervision more effective. But there is more to do: the banks should further disengage from industry by selling their corporate shareholdings. The banks are keener to sell than in the past. The government ought to help by removing tax obstacles to the disposal of their industrial holdings.

FT-SE Index: 3051.1 (-23.8)



Source: Datastream

Kleinwort Benson

Kleinwort Benson's 1994 results are flattered by releasing £16m of provisions made in previous years for bad loans and unused office space. Once these one-off factors are stripped out, Kleinwort's profits are down 21 per cent – not the 5 per cent the merchant bank highlighted. Even so, it still made profits in a year when some rivals were pushed to break even. The main reason is that Kleinwort increased fees – mostly for corporate finance work – by 16 per cent. Though dealing income was mauled by the poor markets, it suffered less than many competitors since it places relatively little emphasis on proprietary trading.

The results emphasise that Kleinwort is not under immediate pressure to merge with a larger bank. Even if it was keen to do so – which it is not – suitors may not be as thick on the ground as speculators would believe. Kleinwort would not give continental European banks the US securities distribution capability they lack most. Any purchaser would also have to write off large amounts of goodwill which would push many close to the minimum capital adequacy ratios set by regulators.

That does not mean a merger is out of the question. Though Kleinwort is in good shape now, it is unclear whether it can for long maintain its position in a market where competition from firms with greater global reach is becoming more intense. One of the lessons from the S.G. Warburg/Morgan Stanley talks is that it is better to negotiate from a position of strength than one of weakness.

UK water

The water companies, for some time the Cinderellas of the utilities sector, are deemed to have found Prince Charming in the shape of Mr Michael Heseltine, the UK trade and industry secretary. Following his decision on Tuesday to allow a bid for Northern Electric, the water companies have been swept up in merger fever. But it is hard to see why the sector should be a target for takeovers, even if the government gave its blessing.

Unlike the regional electricity companies, water company cash flows are being channeled into mandatory capital expenditure. While the electricity companies are throwing out cash, most water companies are having to raise finance. Meanwhile a tough regulator has ensured that productivity gains, rather than price increases, are the only route to profits growth.

There would be limited synergies from mergers with either other water companies or electricity companies, and regulators could insist that benefits were shared with consumers. Conglomerates may be attracted by the sector's tax advantages and low price/earnings ratio, offering the potential to enhance earnings per share. But there is little cash to take out and the most obvious costs have been cut. And that is even before considering life under a possible Labour government. The French water companies, previously interested, have been weakened by property investments and are now more inclined towards telecommunications. Given the gap between bid expectations and their likelihood, the sector runs the risk of stagnation.

Additional Lex on Albright & Wilson, Page 27

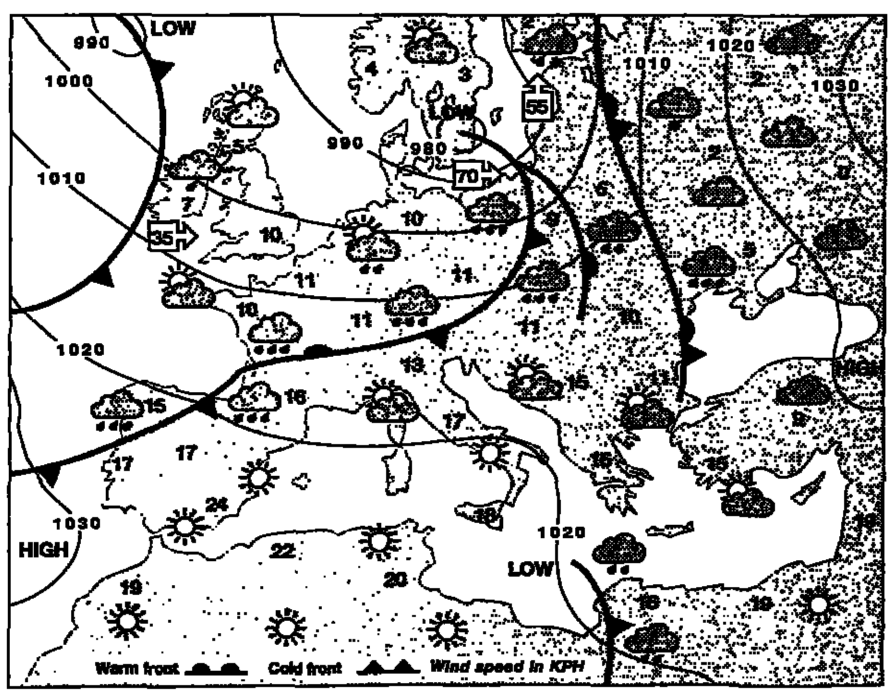
FT WEATHER GUIDE

Europe today

Most of Europe will be unsettled with unseasonably high temperatures. An active depression will move east over southern Sweden. A gale or strong gale is expected over the southern Baltic Sea. Rain in northern Germany, Denmark and southern Sweden will spread over northern Poland, Finland and western Russia in the afternoon and evening. Ireland and Great Britain will have cloud and rain in western and north-west coastal regions. A lingering front will cause rain in northern Spain and south-west and central France. The Alps will also have rain which will turn to snow on higher ground.

Five-day forecast

The Baltic low will move further east, followed by a ridge of high pressure which will suppress showers in most of western Europe on Saturday. The frontal system of a new Atlantic depression will reach Great Britain on Sunday, spreading rain over the North Sea and the Low Countries on Sunday and Monday. Southern Europe will continue dry and sunny. A low over Greece will cause showers next week.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	25
Accra	fair	32
Algiers	sun	23
Amsterdam	shower	9
Athens	cloudy	16
Atlanta	thund	16
B. Aires	rain	27
B.ham	shower	8
Bangkok	fair	35
Barcelona	sun	19
Beijing	sun	8
Belfast	shower	6
Belgrade	sun	15
Berlin	rain	10
Bermuda	fair	24
Bogota	fair	24
Bombay	sun	32
Brussels	shower	10
Budapest	cloudy	9
C.hagen	rain	5
Cairo	fair	20
Cape Town	sun	26
Caracas	fair	28
Cardiff	rain	8
Casablanca	fair	18
Chicago	cloudy	2
Cologne	shower	10
Dakar	fair	24
Dallas	thund	12
Delhi	sun	23
Dubai	sun	25
Dublin	shower	7
Dubrovnik	fair	16
Edinburgh	shower	6
Faro	fair	20
Frankfurt	shower	10
Geneva	rain	12
Gibraltar	sun	20
Glasgow	shower	6
Hamburg	rain	8
Helsinki	sleet	2
Hong Kong	rain	18
Honolulu	shower	27
Istanbul	fair	10
Jakarta	shower	30
Jersey	shower	11
Karachi	sun	29
Kuwait	fair	22
L. Angeles	sun	21
Las Palmas	fair	22
Lima	cloudy	28
Lisbon	cloudy	17
London	cloudy	10
Luxbourg	rain	9
Lyon	rain	13
Madeira	fair	20
Madrid	fair	17
Majorca	sun	20
Malta	fair	18
Manchester	rain	8
Manila	fair	31
Melbourne	fair	23
Mexico City	fair	25
Miami	fair	28
Milan	fair	13
Montreal	cloudy	-5
Moscow	sleet	2
Munich	rain	10
Nairobi	shower	28
Naples	sun	18
Nassau	sun	28
New York	fair	4
Nice	sun	15
Nicosia	shower	17
Oslo	cloudy	2
Paris	rain	11
Perth	sun	33
Prague	cloudy	11
Rangoon	sun	33
Reykjavik	shower	-1
Rio	shower	30
Rome	fair	17
S. Frsco	sun	15
Seoul	sun	5
Singapore	cloudy	32
Stockholm	rain	3
Strasbourg	rain	12
Sydney	rain	22
Tangier	sun	20
Tel Aviv	fair	19
Tokyo	fair	8
Toronto	cloudy	0
Vancouver	rain	11
Venice	fair	9
Vienna	rain	12
Warsaw	rain	8
Washington	fair	7
Wellington	sun	19
Winnipeg	snow	-12
Zurich	rain	9

FINANCIAL TIMES
COMPANIES & MARKETS
Friday February 17 1995

IN BRIEF

Renault unveils high-tech plant

Renault, the French vehicles group, yesterday unveiled its Technocentre, a FFr6.4bn ($1.22bn) design and development plant aimed at increasing the speed and quality of vehicle launches. Page 24

Champagne perfume row settled
Yves St Laurent, the perfume manufacturer controlled by pharmaceuticals group Sanofi, yesterday announced a final settlement in its long-running dispute with France's champagne producers. Page 22

Hewlett-Packard delights Wall St
Hewlett-Packard reported stronger than anticipated results for its first fiscal quarter and announced a two-for-one stock split and a dividend increase. Page 24

Statoil shrugs off weaker prices
Statoil, the Norwegian state oil company, yesterday reported record net profits of NKr5.4bn ($818.2m) for 1994, as a big rise in crude oil production offset the effects of weaker oil prices. Last year the group made profits of NKr3.4bn. Page 22

Goodman Fielder to sell Asian interest
Goodman Fielder, the troubled Australian food company, plans to sell its 63.78 per cent stake in Goodman Fielder Asia, a Singapore-listed company with interests in south-east Asia for S$191.9m (US$128m). Page 26

Navistar lifted to $23m in opening term
Navistar, the Chicago-based truck and diesel engine assembler, said a continuing surge in US truck demand lifted first-quarter net income to $23m, or 21 cents a share, up 44 per cent from $16m, or 12 cents, in the fourth quarter of 1994. Page 24

Transamerica posts record fourth period
Transamerica, the US financial services group which last year paid $1bn for the container leasing business of Tiphook, the UK trailer rental company, reported record earnings for the fourth quarter of 1994. Page 24

Packer defends growing stake in Fairfax
Mr Kerry Packer, the Australian businessman who has been building up his stake in John Fairfax, the newspaper publisher, in apparent contravention of the country's media cross-ownership rules, said that he believed it would be quite legal for him to hold a 24.8 per cent stake. Page 26

More than 3m register for power shares
More than 5 per cent of the British population have registered an interest in buying shares in the UK government's £4bn ($6.3bn) sale of its stakes in the country's two largest generators, National Power and PowerGen. Page 27

BICC names GKN man for top job
BICC, the cables and construction company, yesterday ended a year-long search for a chief executive by poaching Mr Alan Jones – former chairman of Westland Group – from GKN, the motor components, industrial services and defence equipment manufacturer. Page 27

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Asko Prf	604	+	14
RWE	463	+	3.4
SAP AG	1403	+	31
Falls			
Bayer	361.8	–	6.4
Daimler Bnz	720.5	–	13.3
GEHE	580	–	10
NEW YORK ($)			
Rises			
Dig Equip	36⅛	+	¼
H Packard	114⅛	+	6¾
Falls			
AT&T	50⅞	–	1½
UK Brdcstng	130	–	10
MCI	19¾	–	1
Sprint	29¾	–	1
LONDON (Pence)			
Rises			
Mirvs	348	+	8
Oceana Cons	121	+	6
Stgn Bus	59	+	7
Falls			
Eurovein	78	–	6
Narcos	80	–	17
Wstmnstr Hlth	293	–	38
TORONTO (C$)			
Rises			
Biovail	12½	+	1¼
Fed Ind Cl. A	6¼	+	½
Safety SW	36¼	+	2¼
Falls			
Dundee Bnc B	9⅝	–	⅞
Mapleaf Res	11⅛	–	1⅛
Moffat Comms	22	–	1½
PARIS (FFr)			
Rises			
Imetal	502	+	9
Falls			
Alcatel	424.8	–	10.7
BNP	240	–	8.9
Carrefour	2143	–	52
Cred Nat	387	–	13
Promodes	948	–	22
TOKYO (Yen)			
Rises			
Mitsui Pet	718	+	13
NTN	592	+	13
Falls			
Daikyo Inc	722	–	23
Komatsu	745	–	25
Mitsukoshi	878	–	48
Penta Ocean	776	–	38
HONG KONG (HK$)			
Rises			
BZW HSI CW85	3.9	+	0.7
R Flem CLP	9.8	+	1.3
Falls			
Guangzhou	8.56	–	0.65
HK Ferry	2.85	–	0.45
Manhattan	2.85	–	0.35
Sime Drby HK	8.55	–	0.65
BANGKOK (Baht)			
Rises			
Sanyo Univ	450	+	30
Siam Cement	396	+	30
Thai P&C	150	+	13
Falls			
Charoeng Thai	65	–	5
Foremost	85	–	4
Utd Flour Ml	54.5	–	6

New York and Toronto prices at 12.30pm.

Intel steps up the pace with P6 microchip

By Louise Kehoe in San Francisco

Intel, whose Pentium microprocessors are just beginning to enter the mainstream personal computer market, yesterday unveiled the P6, a new generation of chips. Deliveries to computer makers begin later this year.

The launch of the P6, just two years after the Pentium was formally introduced, demonstrates a sharp acceleration in Intel's product development cycle, which has set the pace for the PC industry for more than a decade.

With more than twice the processing power of the Pentium, the P6 promises a leap in PC performance. Within two or three years the chip could enable low-cost home and office computers to handle taxing multimedia applications such as speech recognition, full-motion video conferencing and image processing.

It incorporates 5.5m transistors, making it more complex than almost any other semiconductor device that has been produced in high volumes. It can process instructions at the rate of at least 200m per second.

Intel is the dominant supplier of microprocessors with an estimated 80 per cent of the $10bn world market. No competitor comes close. Advanced Micro Devices, ranking second, had estimated microprocessor sales of $700m last year, compared with Intel's $8.4bn.

Yet several challengers have overtaken Intel in terms of microprocessor performance over the past few years, using technology called Reduced Instruction Set Computing (Risc). Proponents of Risc include Hewlett-Packard, Sun Microsystems, Digital Equipment and the IBM-Motorola-Apple Computer alliance that has developed PowerPC microprocessor chips.

When Risc microprocessors appeared in commercial products in the late 1980s, the technology's backers predicted that they would drive conventional microprocessors, such as Intel's, from the market. Intel, faced with the Risc challenge as well as mounting competition from "clones" of its own chip designs, launched an aggressive response.

P6 is the first fruit of this effort. It comes close in performance to chips such as the latest PowerPC device, Digital's Alpha chip and Sun's Ultrasparc, while maintaining software compatibility with the estimated 200m PCs in use.

Intel has taken a few leaves out of the Risc book and invented some new tricks to boost the speed of the P6, according to industry experts. Key to the P6 performance is an approach called "dynamic execution" that enables the "brain chip" to perform several tasks simultaneously and think ahead to select tasks that it is likely to need to do next.

Intel's P6 designers take issue with the suggestion that they have borrowed design concepts from Risc. "That drives me crazy," says Mr Bob Colwell, P6 architecture manager. "We did the basic architecture before there were any real competitors. There was no borrowing."

The Intel P6 team also rebuffs Risc competitors such as Mr Tom Jermoluk, president of Silicon Graphics, who say Intel is "enslaved by the need to maintain compatibility" with decade-old microprocessors. Mr Lew Pacely, P6 marketing manager, says: "We don't feel compromised. We have a performance level that competes extremely well and we have a huge base of software. That is what everyone is scrambling for."

The entrenched role of Intel's microprocessors virtually assures the success of the P6. Risc chips, including the PowerPC, have collectively achieved only a 6.5 per cent market share.

Intel faces increasingly intense competition from "clones" of its own chip designs. AMD and Cyrix have announced their own versions of Pentium, while Nexgen, a tiny Californian company, is selling Pentium-class chips that are faster and cheaper than the originals. With the P6, however, Intel aims to remain a step ahead of these competitors, even if that means cannibalising sales of its own existing products. The P6 will create "top down pressure" in the market, Mr Pacely says, hastening the obsolescence of 486, fourth generation microprocessors which are the staple of the clone producers.

One important question remains: is the market ready for the P6? Last year Compaq Computer, the world's largest PC manufacturer and Intel's biggest customer, baulked at Intel's efforts to promote Pentium chips to consumers through print and television advertisements which suggested that older chips were almost obsolete.

Home PC buyers, who account for most of the approximately 5m Pentium PCs sold to date, may similarly be disenchanted when they learn that the Pentium is not, any more, the hottest PC chip. There is a danger that in its efforts to accelerate the pace of technology Intel may slow PC sales by exacerbating fears of rapid obsolescence.

Another concern, say industry analysts, is that the very complex P6 chip might contain a "bug" like that recently found in the Pentium. Intel's engineers say they have tested the P6 for over three years in an effort to ensure that it is bug free.

But Intel will maintain the lion's share of the microprocessor market, at least in the short term. It plans to spend $2.9bn on new production plants this year, up from $2bn in 1994. No one else can afford to keep pace.

Big jump at Hewlett-Packard, Page 24

After-effects of the bad loans crisis, although receding, are still shaking the region, writes **Hugh Carnegy**

Nordic banks are still not out of the woods

As the Nordic region's banks chalk up their 1994 results, it is clear that for most the explosion of recession-induced loan losses that tore through their balance sheets in the early 1990s has subsided. But the dust has not yet settled.

The most spectacular after-effect was seen last week in Finland, where the loan-loss crisis wreaked the greatest havoc, forcing to date a total of FM60bn ($12.8bn) in loan write-offs and requiring FM40bn in state support. The country's two biggest banks, Kansallis-Osake-Pankki and the Union Bank of Finland, put aside 100 years of rivalry to forge a merger after both suffered four successive years of losses.

It was the biggest restructuring in the Nordic banking sector for years, creating a bank with combined assets of FM300bn. KOP and UBF (the latter will be the dominant partner) hope that the new bank will finally draw a line under their losses and use its powerful domestic position to resist increasing incursions into the Finnish market.

Post-crisis fall-out is also going on in Norway and Sweden (Danish banks survived the loan losses without state intervention). In Norway, all the main banks fell under state control after a slump in the petroleum industry punctured a lending boom. Now that the banks are back in profit, the Labour government is battling with the two main players, Den norske Bank and Christiania Bank, over its insistence on a 50 per cent dividend payout and its intention of holding a controlling stake, apparently indefinitely.

In Sweden, the four top banks – Handelsbanken, Nordbanken, Skandinaviska Enskilda Banken and Swedbank – are essentially profitable again after shaking off the worst of a lending spree to the property sector. But SE Banken yesterday reported an operating loss for 1994 after including a special SKr4.3bn ($584m) write-off against property assets it has been left holding.

Meanwhile the government will reprivatise Nordbanken – hoping to retrieve a chunk of the SKr60bn it shelled out on bank rescues. It must also decide when to withdraw a blanket guarantee placed under the banks in 1992.

Nor is the operational picture clear for the banks. Credit losses have tumbled from 1992 when total write-offs and problem loans across the region totalled $15bn. Lower bad loan costs have contributed to the return to profit of Swedish and Norwegian banks and have helped the Finnish banks back within sight of profits in 1995. The banks have largely recapitalised, but many are still incurring large loan losses and holding bad loan stocks.

SE Banken reported yesterday that credit losses in 1994 – excluding the special write-down – stood at 1.65 per cent of its lending portfolio, still above "normal" levels of around 0.5 per cent. At KOP in Finland, 1994 credit losses were 2 per cent of total lending. In Norway, Den norske Bank recorded new loan losses in 1994 of NKr2.1bn ($318m).

Meanwhile, 1994 proved difficult for the banks' underlying operations. In Finland, Norway and Sweden net interest and other operating income fell. Causes were last year's turbulence on bond markets and a combination of weak demand for borrowing and narrowing spreads between interest charged on loans and interest paid on deposits.

In Sweden, a slow recovery from recession and continued high private savings rates have left the banks with surplus liquidity. At the same time, deregulation has led to rising competition, with banks offering wider services, including insurance and pensions, while companies such as the insurer Skandia, and Ikea, the furniture retailer, are opening banks.

Foreign banks have also begun to increase their activities in corporate banking – taking a 28 per cent share of the Norwegian domestic corporate loan market, compared with 25 per cent held by Norwegian commercial banks.

Sweden's Handelsbanken has grown especially fast in Norway where it now has 12 "street level" branches and ranks as Norway's sixth largest bank by assets. Mr Magnus Uggla, Handelsbanken's head of international operations, says with growth opportunities narrowing in Sweden, cross-border expansion is a natural response. "We want to establish ourselves firmly in all the Nordic countries, offering a complete range of banking services, both corporate and personal."

Handelsbanken's rivals have been more cautious so far, but SE Banken has opened a corporate branch in Finland and Norway and Den danske Bank plans similar moves in Stockholm and Helsinki. These developments were cited by Finland's KOP and UBF when they announced their merger. "We see them as serious competitors," says Mr Carl-Johan Granvik, to be head of corporate banking in the merged bank. "We want to be stronger to resist the invasion by these rivals."

In Sweden and Norway it has become commonplace to declare the banking crisis over. But there remain unresolved questions. This year should show how well the big Finnish merger can be made to work; whether the Norwegian government will stick to its determination to retain control over its main banks; and see the relaunch into the private sector of Sweden's Nordbanken.

It may take longer for the Nordic banks to prove a full recovery. "My feeling is you cannot really judge their asset strength until they have been through another recession," says Mr Peter Thorn, north European banking analyst at Paribas. "They will not fully recover their standing until they have been through another cycle without sustaining another appalling round of losses."

SE Banken and Swedbank results, Page 22

More balanced sheets

	TOTAL ASSETS $BN	EXPENSES/ASSETS %	INCOME/EXPENSES RATIO	
Swedbank	60.2	1.7	1.96	Dec 1994
Handelsbanken	58.2	1.3	2.3	Sep 1994
SE Banken	53.3	2.0	2.0	Dec 1994
Nordbanken	49.4	1.6	2.3	Sep 1994
KOP (To merge)	30.6	2.1	1.4	Dec 1994
Unitas (To merge)	29.1	2.0	1.7	Dec 1994
Den norske Bank	21.9	2.9	1.9	Dec 1994
Christiania Bank	17.4	2.5	1.5	Sep 1994
Den Danske Bank	56.4	1.8	1.6	Jun 1994
Unidanmark	34.9	2.8	1.5	Dec 1994

Source: Company reports

Merrill Lynch leads offer for Israeli telecoms group Bezeq

By Julian Ozanne in Jerusalem

Merrill Lynch, the US-based global investment house, has won Israel's hotly contested race to lead the global stock offering of 25 per cent of Bezeq, the state-owned telecommunications company. The global offering, expected in June or July, is worth up to $650m and will be Israel's biggest equity issue.

It is a flagship of Israel's privatisation programme and could stimulate US and European investment in Israeli companies.

The public offering will reduce the government's stake to 51 per cent and the money raised will pay back part of Bezeq's debt to the government.

Mr Yossi Nitzani, director of the government companies authority, said Merrill Lynch, the world's leading underwriter of international equity issues, had been awarded the role alone.

"We discussed joint leadership long and deep and we came to the conclusion it was very important for us to have one address," he said.

Israel also brushed aside concerns expressed by international bankers that Merrill Lynch is already committed as joint lead co-ordinator for the global offering of a third of Portugal Telecomm in May.

Mr Nitzani said there would be a dedicated tranche of stock offered to Europe and possibly one exclusively for the UK and another for Europe and the rest of the world. Bankers have predicted that 50-60 per cent of the stock will be sold in the US.

Mr Nitzani also rejected speculation that the global offering in Bezeq would take precedence over a global stock offering of 22 per cent Israel Chemicals. He said Israel Chemicals would be sold in March with a final pricing in New York completed by early April. Lehman Brothers are the lead co-ordinator for the Israel Chemicals offering.

Bezeq reported revenues of Shk5bn in 1993 and net profit of Shk283 ($93.7m). Operating income for the first nine months of 1994 to September was Shk139m, a decline of 16 per cent over the same period in 1993 due to tariff reduction and high wage agreements.

Merrill Lynch was chosen over 11 other firms including Salomon Brothers, Lehman Brothers, S.G Warburg, Smith Barney Shearson, Goldman Sachs and Wertheim Schroder. Morgan Stanley is advising the government.

'Resilient' Kleinwort slips 5%

By Nicholas Denton in London

Kleinwort Benson the UK-based investment bank, reported "resilient" pre-tax profits of £97m ($151.6m) in 1994 from continuing operations, down 5 per cent, in the face of difficult market conditions.

Investment banking activities produced pre-tax profits of £61.9m, contrasting with recent analyst estimates that fellow UK banker, S.G Warburg was making losses on investment banking operations.

Kleinwort has been the subject of takeover speculation by a US or European bank since S.G Warburg's failed merger talks with Morgan Stanley of the US.

The results, at the upper end of analysts' forecasts, boost the claims of Kleinwort's management that it is a successful independent entity. "We are not seeking suitors," said Lord Rockley, chairman.

The bank said that Kleinwort did not need either a backer or to go "head on" against the largest US investment banks. "I don't believe the world is going to be dominated by four to five American houses and no one else is going to get any business," Lord Rockley said.

Kleinwort demonstrated its confidence with a 16 per cent dividend increase to 21.5p in spite of a 4 per cent fall in earnings per share to 53.9p. Dividend cover fell from 3 to 2.5. Kleinwort said it would let the ratio fall below 2 before re-evaluating its dividend policy.

The group's pre-tax profits for the year to December 31 were depressed by dealing operations where net income fell 58 per cent to £43.3m in "difficult market conditions".

Kleinwort said it had a good year in UK and continental government bonds but trading profits in equities had proved particularly hard-earned.

Analysts were impressed, however, by a 16 per cent increase to £291.2m in net fees and commissions from advice on mergers and acquisitions, privatisation, investment management and other businesses.

This year it can bank on fees from Cadbury Schweppes's acquisition of Dr Pepper of the US. It is also joint co-ordinator of this year's share sale in the UK electricity generating companies and the National Grid.

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Property write-off drives SE Banken into the red

By Hugh Carnegy in Stockholm

Skandinaviska Enskilda Banken, one of Sweden's leading banks, yesterday reported a surprise loss in 1994 after writing off a large part of its distressed property holdings.

The write-off was aimed at finally putting the loan-loss crisis of the early 1990s behind it.

SE Banken, which had been expected to announce a sharp improvement on the 1993 operating profit of SKr679m ($92m), returned an operating loss of SKr701m. The deficit was blamed on a special SKr4.3bn write-down on the value of property holdings it was forced to take over during the crisis, which came on top of loan losses of SKr5.1bn.

It portrayed the move as an "act of strength" that would help it shed more quickly the lingering effects of the banking crisis.

The result before the special write-down was a profit of SKr3.6bn, chiefly attributed to a 50 per cent fall in "regular" loan losses from last year's SKr10.2bn. The bank said it was restoring its dividend for the first time since 1991, paying SKr1.50 a share.

However, SE Banken shares closed SKr2.2 down at SKr41.7.

The bank said the special write-down resulted from restating its distressed property holdings at current market values. The value of its total property holdings is estimated at SKr15.6bn, down from SKr19.9bn. These are being grouped in a special subsidiary called Diligentia.

The bank had intended to wind down Diligentia over as many as 10 years. However, it now intends to dispose of Diligentia within two years.

More than SKr50bn in property assets is now held by the banks and the state as a result of the banking crisis.

SE Banken's underlying operations showed a reverse from 1993, partly because of lower lending volumes and squeezed interest margins. Profit before credit losses was down more than 19 per cent at SKr8.7bn.

There was also a SKr862m deficit on the bank's bond portfolio value at the end of the year, against a SKr580m surplus at the end of 1993.

Under Swedish accounting practice, this does not affect the operating result – although it does affect capital and equity ratios.

Swedbank posts first surplus

By Hugh Carnegy

A big fall in credit losses and one-time capital gains helped Swedbank, the biggest Nordic bank by asset value, swing into profit in 1994.

This is the first time it has posted a full-year surplus since it was formed in 1992, at the height of the Swedish banking crisis.

Swedbank, still owned by savings bank foundations, moved to an operating profit of SKr4.06bn ($551m) from a loss in 1993 of SKr3.66bn. It predicted a further improvement in profitability in 1995.

The bank declared its first dividend, of SKr1.75 a share.

The turnround was chiefly attributed to a 68 per cent fall in loan losses, which dropped to SKr3.8bn from SKr11.7bn in 1993.

The reduction brought the level of loan losses down to 0.9 per cent of total lending, against 2.8 per cent last year.

Gross problem loans fell 31 per cent, but still stood at SKr31.7bn, including provisions for anticipated loan losses of SKr18.2bn.

Capital gains of SKr1.9bn from asset sales during the year bolstered income, which still slipped 2 per cent to SKr16bn from SKr16.3bn.

However, the underlying fall in income was much greater due to a 9 per cent decline in net interest income, to SKr10.4bn.

Swedbank blamed reduced interest rate margins, lower lending volumes, and a SKr186m reduction in the accrued value of its investment portfolio.

Portuguese bank shuns takeovers

By Peter Wise in Lisbon

Banco Espírito Santo yesterday reported a 12.8 per cent fall in net income in 1994 to Es17.6bn ($112.8bn). However, the bank said it would not respond to the weakening profit growth through acquisition-led expansion, in the way Portugal's other big banks had done.

Pending takeover bids will, if successful, create three banking groups controlling 65 per cent of total banking assets. This will leave BES as the fourth largest bank, but with an asset share of only 8.9 per cent.

Mr Ricardo Espírito Santo Salgado, BES president, questioned the wisdom of making acquisitions when the recession was still hitting income. He said BES had ample room for organic growth.

However, one Lisbon broker said further restructuring at the bank had left it with limited resources for outside expansion.

The fall in net consolidated profits was higher than market expectations. However, it was in line with the general decline in profit growth for the sector, where tough competition is reducing financial margins and exposing banks to greater risks from bad credit.

BES blamed the fall on a reduction in its average financial margin, the difference between rates for raising and lending funds, from 3.95 per cent in 1993 to 3.66 per cent in 1994. It said recession had forced increased provisions against non-performing loans. It declared a 1994 dividend of Es150, against Es168 in 1993.

Warburg to be joint lead on SKr1bn Lindex deal

By Nicholas Denton in London and Christopher Brown-Humes in Stockholm

The flotation of Scandinavia's leading lingerie supplier has given S. G. Warburg, the UK investment bank, the chance to show that defections have not damaged its ability to mount international equity offerings.

Lindex, the Swedish clothes retailer, yesterday launched a global offering of shares expected to raise more than SKr1bn ($136m).

Mr Hans Johansson, Lindex managing director, said that between 60 and 80 per cent of the company would be sold, roughly divided between Swedish and overseas investors.

Warburg's equity capital markets group is acting as joint global co-ordinator in its first transaction since the department's two co-heads left for jobs at Morgan Grenfell last week.

The departure of Mr Maurice Thompson and Mr Michael Cohrs was seen by other investment banks as a blow to Warburg's capability in the important area of international equity issues.

It contributed towards the resignation of Lord Cairns as chief executive last weekend.

Warburg has appointed Mr Denys Firth, a debt market specialist, as the new head of the equity capital markets department.

S. G. Warburg is sharing the global co-ordinator's role with Handelsbanken Markets of Sweden.

The aim is to list Lindex on the Stockholm stock exchange in March.

Lindex, which sells women's and children's wear as well as lingerie, is only the second big Swedish retailer to come to the market, after Hennes & Mauritz.

The company said the listing was aimed at providing it with greater flexibility to develop the chain, which attracts 70m customers each year.

Expansion will allow it to exploit growing sales of lingerie and further lift its market share.

Statoil shrugs off weaker prices

By Karen Fossli in Oslo

Statoil, the Norwegian state oil company, yesterday reported record net profits of NKr5.4bn ($818.2m) for 1994, as a big rise in crude oil production offset the effects of weaker oil prices. Last year the group made profits of NKr3.4bn.

The figures were also bolstered by net financial gains of NKr2.2bn, against charges of NKr700m in 1993. Last year's gains reflect a reduction in dollar liabilities on the back of a significant decline in the dollar/krone exchange rate.

The announcement coincided with Moody's and S&P, the US credit rating agencies, giving Statoil its first long-term debt ratings of Aa2 and AA+ respectively.

Ms Brit Rugland, senior vice-president, said the dollar was worth NKr6.74 at the end of 1994, down NKr0.75 on the previous year's close.

Group operating profit rose to NKr14.3bn from NKr12.4bn in 1993, as sales advanced to NKr83.6bn from NKr81.1bn. Pre-tax profit jumped to NKr16.9bn from NKr11.98bn.

Three out of the four main business areas posted improved profits in 1994. The exception was refining, which suffered from depressed markets and sharply lower margins. However, the weak refining result was partly offset by an improved marketing performance. Operating profits in refining and marketing for 1994 were cut by NKr100m to NKr166m, with sales remaining largely unchanged at NKr25.7bn.

Exploration and production maintained operating profits of NKr8.7bn on unchanged sales of NKr23.4bn: a fall in the average per-barrel oil price, to $15.80 from $17, was offset by a rise in oil production, to 449,000 barrels a day in 1994 from 414,000 in 1993, and an NKr800m reduction in operating costs.

Natural gas lifted operating profit by NKr650m to NKr4.3bn, as sales rose NKr500m to NKr8.7bn. Oil trading and shipping nearly doubled operating profit, to NKr801m from NKr435m, as sales jumped by NKr5.6bn to NKr65.2bn, helped by a 16 per cent increase in oil traded, a rise in LPG sales and firmer freight rates.

Petrochemicals operations, which incurred a NKr423m loss in 1993, returned a profit in 1994. The unit was spun off in 1993 into a separate company, in which Statoil retained a 50 per cent stake.

The group is proposing a dividend of NKr1.61bn to the state, more than three times the NKr500m paid in 1993.

Hafslund Nycomed slips

By Karen Fossli

Hafslund Nycomed, the Norwegian group best known for its radiology products, suffered a drop in 1994 pre-tax profit, to NKr1.31bn ($197m) from NKr1.57bn a year earlier.

The company blamed non-recurring financial charges of NKr209m, compared with gains of NKr37m in 1993. The charges resulted from an increase in debt following the June acquisition of the diagnostic imaging business of US-based Sterling Winthrop.

Hafslund said there were restructuring costs of NKr90m in the fourth quarter connected with the acquisition, and a further NKr47m for consolidation of US inventory values.

It is allocating NKr350m for restructuring in 1995. However, it said that this year it should begin to benefit, by NKr500m annually, from the acquisition.

Group sales rose to NKr7.15bn from NKr5.77bn as operating profit, before research and development costs, rose slightly to NKr2.43bn from NKr2.27bn. R&D costs rose by NKr118m to NKr856m as a result of the Sterling acquisition.

Hafslund is proposing a dividend of NKr4.40 a share, unchanged from 1993, but is giving shareholders the choice of a cash or share payment. The shares will be priced 15 per cent below the average price on the Oslo bourse during the two-weeks before the annual meeting on May 23.

Separately, Hafslund is seeking an international partner to take a 10 per cent stake in its energy business, which it wants to expand. In 1995, the business boosted sales to NKr1.02bn from NKr711m. Operating profit dipped to NKr234m from NKr273m.

Champagne perfume row settled

By Andrew Jack in Paris

Yves St Laurent, the perfume manufacturer controlled by pharmaceuticals group Sanofi, yesterday announced a final settlement in its long-running dispute with France's champagne producers.

The agreement, after months of litigation, follows moves by champagne producers to prevent their name from being used by the company as the brand of one of its top-selling perfumes and associated products.

Under the terms of the accord, the company will, over the next three years, drop the the name "champagne" from the perfume it launched two years ago. Last year, the perfume generated worldwide revenues of FFr400m ($76m), up from FFr200m the year before.

Yves St Laurent personally created the "champagne" perfume aimed at "active, spirited women" in 1993, before the company was acquired by Sanofi, which is in turn controlled by Elf Aquitaine.

However, its use was quickly attacked by the institute that controls the use of the champagne name and by the leading trade organisation for producers. They successfully brought actions demanding the company drop its use in France, Switzerland and Germany.

The settlement, believed not to have involved any financial payment, came when the producers were threatening to bring similar legal action in other countries.

The use of the name has already been dropped in France and Switzerland, and will cease to be marketed in Germany in June this year, with withdrawal from the shelves in October. In other countries, the brand can still be marketed as "champagne" until 1998.

Mr Jean-Paul Léon, executive vice-president for administration and finance at Sanofi, said yesterday: "We are very pleased with what we think is a very good settlement for both sides. Our discussions over the past few weeks have been very friendly."

He said the company would continue to sell the "champagne" perfume after 1998 but would devise another name that captured its character.

SMH blames currency for 29% decline

By Ian Rodger in Zurich

SMH, Switzerland's leading watchmaking group, suffered a 29.5 per cent slide in consolidated net income last year to SFr315m ($247.2m), its first profit decline in a decade.

Directors are recommending that dividends be cut from 20 per cent to 17 per cent, even though cash flow remained a healthy SFr450m last year.

Consolidated sales fell 7 per cent to SFr2.66bn, but sales volumes of watches and movements rose 11 per cent.

SMH bearer shares, which have lost nearly half their value since mid-1993, fell SFr18 to SFr667 yesterday.

The group blamed the negative effects on margins of a high Swiss franc for most of the drop in sales. Many analysts, however, suspect that the flagging sales potential of the high-volume Swatch product line is the real culprit.

"We want to know what the group thinks is the outlook for Swatch over the next 24 months," Mr Frederick Hasslauer, analyst with Bank Sal Oppenheim in Zurich, said.

SMH, controlled by Mr Nicolas Hayek, said its prices in local currencies "have mostly been maintained". This policy led to reduced profit margins in Swiss franc terms, but allowed the group "to increase market share almost everywhere, except for Swatch in the US".

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Insight

"Any equity analyst can say 'buy' or 'sell', but smart investors need more. Recommendations alone don't spark ideas. It's the analysis behind them that does."

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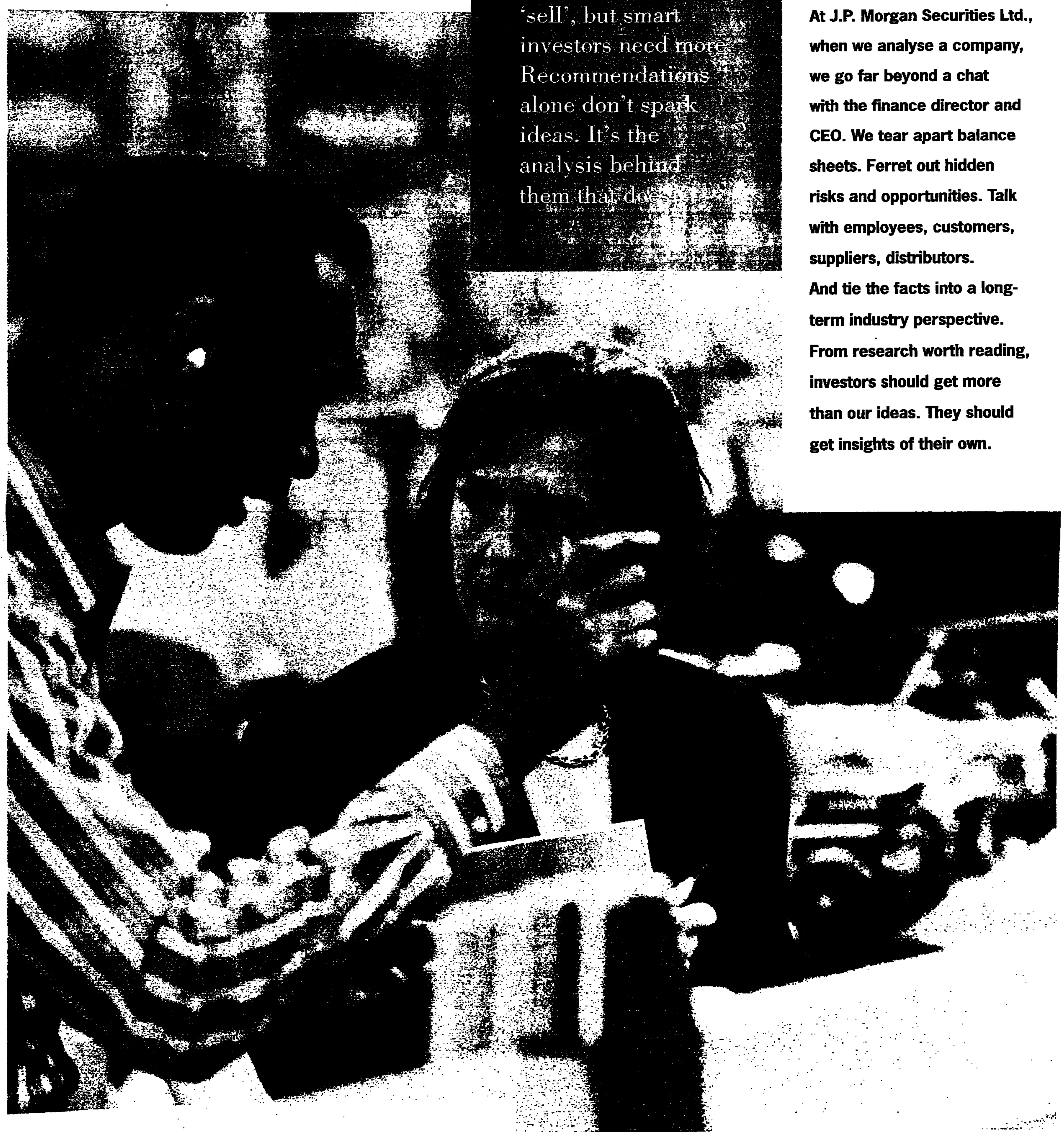

Morgan equity analyst at a textile mill

JPMorgan

INTERNATIONAL COMPANIES AND FINANCE

Renault unveils plant to speed launches

By John Ridding in Paris

Renault, the French vehicles group, yesterday unveiled its Technocentre, a FFr6.4bn ($1.22bn) design and development plant aimed at increasing the speed and quality of vehicle launches.

Mr Louis Schweitzer, chairman of the state-owned company, said the facility should allow Renault to reduce the development times of new vehicles to about 38 months by the year 2000 and generate savings of between FFr1bn and FFr1.5bn for each new model.

At present, a new vehicle launch costs between FFr4bn and FFr10bn, depending on the model, and takes about 58 months.

The Renault chief compared the Technocentre with similar plants set up by Chrysler of the US and BMW of Germany, but said it was a first for a European volume car manufacturer.

He said that by bringing together on one site all of the staff involved in the design and development of vehicles, the company could respond more quickly to market demands and improve the quality of the production process.

"Until now Renault has operated in the traditional fashion which consists of conceiving of a product, making prototypes and then developing the industrial process," said Mr Schweitzer. "From now on, each function will be conducted simultaneously, which will allow problems to be avoided and improved co-ordination in the development process." He said that suppliers and component manufacturers would work on the site in conjunction with Renault teams.

The plant, situated about 30km west of Paris, covers 360,000 square metres. Construction started last year and is due to be completed in 1998. Several of the main buildings are nearing completion, however, and the first prototype to be built at the site is expected to be unveiled by this autumn.

When finished, 6,300 Renault staff, currently spread over 50 sites, and about 1,000 employees from partner companies will work at the plant. The total land area covers 150 hectares and includes a 600m artificial river and three hectares of lakes.

The project was financed by a banking consortium which remains the owner of the site. From the year 2000, however, Renault has an option to buy the facility for an undisclosed sum. This is expected to be financed by the sale of certain sites at the company's Boulougne-Billancourt headquarters in the western suburbs of Paris.

Hewlett-Packard delights Wall St

By Louise Kehoe in San Francisco

Hewlett-Packard yesterday reported stronger than anticipated results for its first fiscal quarter and announced a two-for-one stock split and a dividend increase.

The announcements surprised Wall Street, driving the company's share price to a new high.

H-P was trading at $114 in mid-session yesterday, up from Wednesday's close of $105⅞.

The computer and electronics manufacturer reported a 64 per cent jump in net earnings and a 29 per cent increase in net revenue for the first fiscal quarter, which ended January 31.

Net revenue for the quarter totalled $7.3bn, up from $5.7bn in the first quarter of fiscal 1994. Net revenue in the US was $3.2bn, up 22 per cent, while net revenue from outside the US rose 34 per cent to $4.1bn.

Net earnings for the quarter were $602m, or $2.30 a share. This compares with earnings of $368m, or $1.42, in the same period a year ago.

The two-for-one split of H-P's common stock is effective March 24, the company said. The quarterly dividend on the common stock will rise from the current rate of 30 cents a share to 40 cents a share. After the stock split, the adjusted dividend will be 20 cents a share a quarter.

The company said that orders booked during the quarter by its computer business totalled $6.1bn, a 26 per cent increase over the year-ago period, with demand strong in all product categories.

H-P's test and measurement electronic components and medical instruments divisions also saw strong growth in orders.

Transamerica posts record fourth period

By Maggie Urry in New York

Transamerica, the US financial services group which last year paid $1bn for the container leasing business of Tiphook, the UK trailer rental company, reported record earnings for the fourth quarter of 1994.

Life insurance, commercial lending and leasing were the main contributors to the strong performance.

Mr Frank Herringer, president and chief executive, called 1994 an "excellent year" and said "1995 will be another good year for Transamerica".

Fourth-quarter net income from continuing operations, but excluding investment gains, was $109.4m, or $1.37 a share, up from $101.3m, or $1.24. For the year, net income was $412.9m, or $5.25, against $397.1m, or $4.76.

The life insurance operation reported operating profits of $70.5m in the quarter, up 27 per cent from $55.5m, and for the year showed an increase of 16 per cent to $250.2m. The gain was due to improved spreads and higher fees, and the growth of the annuity and special risk business, as well as an "excellent mortality experience" during the period.

The Tiphook acquisition boosted leasing operations, which increased fourth-quarter operating profits 16 per cent to $18.5m. However, the rise in mortgage rates cut profits at the real estate services division, where operating profits fell to $7m from $23.2m.

During the year the group sold its mutual fund business for $100m and its 21 per cent stake in Sedgwick, the UK insurance broker, and bought back 7.2m shares and some perpetual preferred stock.

Moore Corp sets out plans for expansion

By Bernard Simon in Toronto

Moore Corporation, the Toronto-based multinational business forms and information-handling group, is starting to broaden its horizons after an 18-month shake-up.

Mr Reto Braun, chief executive, said yesterday that the company planned acquisitions as well as internal growth to meet its target of expanding revenues by 10 per cent a year.

Moore posted earnings of US$39.2m, or 39 cents a share, in the final quarter of 1994, compared with a loss of $138.2m, or $1.39, a year earlier. The 1993 loss was due to a $229m restructuring charge. Sales rose to $629.8m from $600.3m.

Earnings for 1994 as a whole were $121.4m, or $1.22 a share, compared with a 1993 loss of $77.6m, or 78 cents.

Moore forecasts 1995 earnings of about $1.40 a share, excluding proceeds from the sale of the bulk of its stake in Toppan Moore, a joint venture with Japan's Toppan Printing.

Costs rose at almost double the pace of revenues in the fourth quarter, due largely to unexpected disruptions in closing three US manufacturing plants. Sales volumes declined, partly as a result of a steep rise in paper prices.

Moore has shut nine plants in the past 18 months, and is in the process of closing another four. It has cut about 1,900 jobs and discontinued many unprofitable product lines.

Cash reserves are expected to rise to $575m by the end of March, following the disposal of the Toppan Moore shares. Moore will receive $350m from the sale, reducing its stake from 45 per cent to 10 per cent.

Demand boosts Navistar to $23m in opening term

By Laurie Morse in Chicago

Navistar, the Chicago-based truck and diesel engine assembler, said a continuing surge in US truck demand lifted first-quarter net income to $23m, or 21 cents a share, up 44 per cent from $16m, or 12 cents, in the fourth quarter of 1994.

Revenues in the period to January 31 rose to $1.42bn, from $1.14bn a year ago.

Rapid expansion in the trucking industry has pushed Navistar beyond capacity, with the company adding shifts and extra workers. During the most recent quarter Navistar's shipments of trucks and school bus chassis rose 24 per cent to 25,500 units. Mid-range diesel engine shipments, primarily to Ford Motor for use in its pick-up trucks, rose 22 per cent in the period to 33,400 units.

Analysts said the high cost of meeting engine commitments to Ford dented Navistar's overall profit margins by about $10m, or 8 cents a share, during the quarter, leading to disappointing earnings. Wall Street had expected Navistar to earn about 26 cents a share in the quarter.

The company told analysts that reduced shipments to Mexico because of the financial crisis there would reduce after-tax profits for the year by about $5m.

Mr John McGinty, analyst for CS First Boston, said that Navistar had ordered new equipment that should cut production costs in the second and third quarters. In spite of higher interest rates, Navistar and other trucking industry sources do not see a slowdown in demand.

NEWS DIGEST

Endesa profits move ahead 13% to Pta132bn

Spain's biggest electricity supplier, the 65 per cent state-owned Endesa, yesterday announced a 13.6 per cent increase in group net profits to Pta132.7bn ($1.02bn) in 1994 from Pta116.8bn the previous year, writes David White in Madrid.

The group, a candidate for further privatisation, saw its turnover rise by 7.8 per cent to Pta811.5bn. This reflected growth of just over 9 per cent in its electricity production, giving it a 38 per cent share of the Spanish market.

Endesa's total debts at the year end rose to Pta593.8bn from Pta581.5bn, but the higher figure included Pta88bn relating to companies newly incorporated in the group.

Last year, Endesa agreed to buy Pta56bn worth of assets from Sevillana de Electricidad, the southern Spanish producer, and to increase its stake in Sevillana to around 40 per cent by buying a 6 per cent interest from Banco Bilbao Vizcaya.

Under the deal it assumed full control of Eneco, a Cordoba electricity company, in which it had held 50 per cent. The agreement was part of a reorganisation of the Spanish generating industry.

The company said its new acquisitions had enabled it to improve its production mix, increasing installed capacity by 11.9 per cent.

AT&T price cut sparks sector share fall

Another skirmish in the fight for customers between the three main US long-distance telephone companies was sparked yesterday when AT&T, the largest carrier, announced further price reductions, writes Maggie Urry. Share prices of the three fell in reaction, with AT&T stock down $1⅞ to $51, MCI Communications $1 lower at $19⅝ and Sprint also $1 down at $29⅞.

AT&T said it was cutting consumer long-distance prices by a net $230m, through a combination of $650m of promotions and savings plan discounts partially recouped through a $420m increase in other prices such as for directory enquiries. Consumers will be offered a "free-weekend" of long-distance calls and a 50 per cent cut in prices on weekend international calls to those who join a World Savings plan.

AT&T said it would next week file a 2.9 per cent price rise for business long-distance calls.

● Advisers to AT&T and LIN Broadcasting, the mobile telephone and TV company of which AT&T owns 52 per cent, have differed sharply over the valuation of the remaining 48 per cent of LIN still in public hands, adds Tony Jackson in New York.

The valuation may determine whether AT&T exercises its right to buy the outstanding minority shareholding in LIN, which is valued at about $3.6bn, or sells the whole company.

Morgan Stanley, the investment bank appointed by AT&T through its recently acquired subsidiary McCaw, has arrived at a private market value for LIN of $105 a share.

Lehman Brothers and Bear Stearns, acting for LIN, say it is worth $155 a share.

Northrop Grumman pushed deeper in red

Northrop Grumman, the US defence group, took pre-tax charges totalling $324m in its fourth quarter, producing a net loss of $121m, compared with a net loss of $35m in the 1993 period, and a fall in net income for the year to $35m from $96m in 1993, writes Maggie Urry.

Of the charges, $282m related to an early retirement programme as the group cut staff.

Earnings per share were 72 cents for the year, down from $1.99, and the fourth-quarter loss per share was $2.45, against a loss of 73 cents. However, excluding the charges, and other one-off items in 1993, earnings per share would have been $5 in 1994, compared with $4.71 in 1993.

Sales for the year were $6.7bn, up from $5.1bn, helped by the acquisition of Grumman in April and Vought Aircraft later in the year.

GiroBank tumbles to deficit of DKr642m

Denmark's GiroBank, partially privatised two years ago, suffered a loss of DKr642m ($108m) in 1994, compared with a profit of DKr636m in 1993, writes Hilary Barnes in Copenhagen. The board recommended that no dividend be paid.

The deficit at Denmark's fifth-largest bank was caused by unrealised losses of DKr1.04bn on its securities portfolio, which reflected the fall in bond prices last year. In 1993 the bank scored an unrealised gain on the securities portfolio of DKr379m.

Net interest income fell to DKr1.39bn from DKr1.79bn in 1993. Costs, however, declined to DKr1.72bn from DKr1.89bn and loss provisions to DKr43m from DKr99m. Total assets fell to DKr70.64bn from DKr89.11bn.

Rogers revalues holding in Unitel

Rogers Communications, Canada's biggest cable-TV operator, has written off one-third of the value of its 30 per cent stake in Unitel Communications, the troubled Canadian long-distance telephone group, writes Bernard Simon. Rogers is considering whether to exercise an option on a 48 per cent stake in Unitel held by Canadian Pacific. If it went ahead, Rogers would divide the CP shareholding with AT&T, the US telephone company, bringing Rogers' interest to 67 per cent and AT&T's to 33 per cent.

Rogers, which also has wireless and publishing interests, posted a loss of C$126.1m (US$89.84m), or 91 cents a share, last year, down from C$182.4m, or C$1.24, in 1993.

Revenues climbed 68 per cent to C$2.25bn, mainly due to last year's acquisition of Maclean Hunter, the cable-TV and publishing group.

KKR to cut stake in RJR Nabisco

Kohlberg Kravis Roberts, the Wall Street investment firm, is to reduce its stake in RJR Nabisco to a smaller-than-expected 8 per cent as part of its agreement to buy Borden, the troubled US food group, writes Richard Tomkins in New York.

Until recently KKR owned 35 per cent of RJR Nabisco – a legacy of its $26bn leveraged buy-out of the tobacco and food group in 1989. But last September KKR announced plans to use its RJR Nabisco shares to finance the takeover and restructuring of Borden.

Under the original plans, the total cost of the deal would have cut KKR's stake in RJR Nabisco from 35 per cent to 11 per cent. But yesterday, Borden said the portion of RJR shares sold to raise money for its restructuring – originally 70m – had risen to 120m, so further cutting KKR's stake to 8 per cent.

With RJR Nabisco's shares trading at $5¾ yesterday, the sale of 120m shares would have been worth $690m at open market prices.

Borden said the net proceeds would be used to cut its debt and improve its financial condition. However, the move will be seen by Wall Street as further evidence of KKR's desire to withdraw from RJR Nabisco, which has proved to be a disappointing investment.

Loblaw sales, earnings better than expected

Loblaw, Canada's biggest food distributor, raised its share of the important Ontario market last year and turned in better than expected sales and earnings, writes Robert Gibbens in Montreal.

Net profit was C$126.7m (US$90.27m) or C$1.51 a share, up 36 per cent from C$93.4m, or C$1.07, in 1993. Sales rose 7 per cent to C$10bn.

Fourth-quarter profit was C$42.4m, or 51 cents, up 62 per cent from C$26.1m, or 31 cents, on sales of C$2.4bn, up 10 per cent.

All divisions contributed better results, said Loblaw, which is controlled by the Weston family. The 1993 results were adversely affected by a strike at its US grocery division.

Western Canada's results were strong last year, but Loblaw is still struggling to improve performance in the maritime provinces. It expects net proceeds of C$300m from the sale of its US division, to be used to reduce debt.

Teleglobe revenues advance 16.4%

Teleglobe, Canada's overseas telecommunications group, had fourth-quarter operating revenues of C$174m (US$123.97m), up 16.4 per cent from a year earlier, with a 12.5 per cent growth in traffic, writes Robert Gibbens.

After special restructuring provisions, final net profit was C$27.2m, or 37 cents a share, against C$27.6m, or 43 cents, on fewer shares outstanding.

For all 1994, Teleglobe, 24 per cent held by BCE, reported net profit of C$90.9m, or C$1.25, up from C$71.9m, or C$1.14, in 1993. Total revenues were C$1.5bn, up 5.2 per cent.

Capital outlays, including its share of the Cantat 3 transatlantic fibre-optic cable now in service, were C$233m against C$310m in 1993.

Nordic Investment Bank lifts profits 53%

Nordic Investment Bank, the Helsinki-based bank jointly owned by the five Nordic countries, lifted profits by 53 per cent to Ecu98m ($78.46m) from Ecu64m a year earlier, writes Christopher Brown-Humes in Stockholm.

It benefited from a 14 per cent rise in net interest income to Ecu114m and an absence of loan losses. Only two loans, for a combined Ecu22m, out of a total loan portfolio of Ecu4.6bn were not being fully serviced, it stated.

The bank said increasing investment activity in the Nordic region was reflected in higher demand for loans. Nordic loans totalled Ecu550m, pushing up total disbursements by 16 per cent to Ecu679m.

More than half the Nordic loans were made to manufacturing projects, led by the pulp and paper sector. But financing of infrastructure projects was increasing, the bank noted.

NIB retains a triple A credit rating, the only Nordic bank in this class. Lending is generally to Nordic customers or for projects with a Nordic interest outside the region.

Foster's seeks new opportunities for growth

Foster's Brewing, whose Courage subsidiary in the UK has been the focus of recent sale rumours, stressed yesterday that it was looking to new beverage-related investments, to take up the running from its more mature operations, writes Our Financial Staff.

PRIORITY

صورة من الاصل

صكاتب الاجل

CONFEDERATION TREASURY SERVICES LIMITED

(the "Corporation")

NOTICE OF A MEETING OF the holders of the outstanding £100,000,000 9½ per cent. Guaranteed Notes 1997 of the Corporation

(the "Noteholders" and the "Notes" respectively)

NOTICE IS HEREBY GIVEN

that a meeting (the "Meeting") of the Noteholders convened by the Fiscal Agent on the written request of the Corporation, acting by Deloitte & Touche Inc., as manager and court appointed monitor of the Corporation (the "Monitor"), will be held at The Conference Forum, The Sedgwick Centre, Colchester Street, off Whitechapel High Street, London E1 8DX on Wednesday March 15, 1995 at 11.00 a.m. (London time) for the purpose of:

(a) receiving a report from the Monitor as to the status of the insolvency proceedings of the Corporation; and
(b) receiving a report to the Noteholders from Union Bank of Switzerland ("UBS") as to the status of the insolvency proceedings of the Corporation; and
(c) considering and, if thought fit, passing the Extraordinary Resolution of Noteholders set out below, which will be proposed by UBS Limited in its capacity as a Noteholder as an Extraordinary Resolution; and
(d) transacting such further and other business as may properly come before the Meeting.

The Extraordinary Resolution of Noteholders, as set out below, has been prepared by UBS. The Corporation, the Monitor and their Fiscal Agent and Paying Agent (as defined below) make no recommendation either in favour of or against the Extraordinary Resolution, and none should be inferred by the Noteholders.

EXTRAORDINARY RESOLUTION OF NOTEHOLDERS

WHEREAS £100,000,000 9½ per cent. Guaranteed Notes 1997 were issued by the Corporation pursuant to a Fiscal and Paying Agency Agreement (the "Sterling Agency Agreement") dated as of July 30, 1992 between the Corporation, Confederation Life Insurance Company ("Confederation Life"), Banque Générale du Luxembourg S.A. as fiscal agent and principal paying agent (the "Fiscal Agent") and Morgan Guaranty Trust Company of New York as paying agent and remain outstanding;

AND WHEREAS Article 8, Section 8.08 of the Sterling Agency Agreement provides that Noteholders at a meeting of the Noteholders shall have, *inter alia*, the following powers:

(i) power to assent to any modification of or change in or omission from the provisions of the Sterling Agency Agreement or the Notes or Coupons (as defined in the Sterling Agency Agreement) which shall have been agreed to by the Corporation and to authorise the Fiscal Agent to concur in and execute any deed or instrument supplemental to the Sterling Agency Agreement or the Notes or Coupons embodying such modification, change or omission; and

(ii) power to appoint and remove a committee and to delegate to such committee all or any of the powers which the Noteholders could exercise by Extraordinary Resolution under Sections 8.08(1)(b), (c), (d), (h) and (i) of the Sterling Agency Agreement and to provide for payment of the expenses and disbursements of and compensation to such committee.

NOW THEREFORE IT IS RESOLVED AS AN EXTRAORDINARY RESOLUTION THAT this Meeting of the Noteholders hereby:

(1) assents to the modifications of, changes in and omissions from the Sterling Agency Agreement set out below by a supplemental and amending agreement thereto (the "Supplemental and Amending Agreement") substantially in the form of the draft produced to the meeting and signed by the Chairman for the purpose of identification, which modifications, changes and omissions shall only have force and shall only take effect upon the Supplemental and Amending Agreement coming into full force and effect:

In Article 5, Section 5.01(2), second line after the word "Five" insert

", including any distributions, payments and/or dividends (whether interim or final) in any insolvency proceedings or under a plan of compromise or arrangement (including without limitation proceedings or a plan or proposal under or pursuant to the Companies' Creditors Arrangement Act, the Bankruptcy and Insolvency Act or the Winding-Up Act) in respect of the claims of Noteholders or Couponholders whether pursuant to the Notes, the Coupons, this Agreement or otherwise ("Insolvency Distributions"),"; and

In Article 5, Section 5.01(2), third line after the words "Agreement and the Conditions" delete ";" and insert

"and for the following persons and shall be applied, subject to Section 5.01(8) below, as follows:

(a) FIRST, in payment of (i) all expenses and disbursements then unpaid of any committee appointed under or pursuant to Article 8 of this Agreement (including, without limitation, the fees and disbursements [illegible]

[illegible]

VOTING AND QUORUM

1. A Noteholder wishing to attend and vote at the Meeting (or, if applicable, at any adjourned Meeting) in person must produce at such Meeting either the Note(s) or a valid voting certificate or valid voting certificates issued by the Fiscal Agent or the Paying Agent relative to the Note(s) in respect of which he wishes to vote.

A Noteholder not wishing to attend and vote at the Meeting (or, if applicable, at any adjourned Meeting) in person may either deliver his Note(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or give a voting instruction through either Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") or Cedel Bank, société anonyme ("Cedel") in accordance with the usual procedures of Euroclear or Cedel, in the case of Notes held through Euroclear or Cedel, or, for Notes not so held, complete a voting instruction on the form obtainable from the specified offices of the Fiscal Agent and the Paying Agent set out below, instructing the Fiscal Agent or the Paying Agent to appoint a proxy to attend and vote at the Meeting (or, if applicable, at any adjourned Meeting) in accordance with his instructions.

In order for a Noteholder to vote without producing his Notes at the Meeting, his Notes must be deposited with the Fiscal Agent or the Paying Agent or (to the satisfaction of such Agent) held to its order or under its control by Cedel or Euroclear or any other person approved by the Fiscal Agent or the Paying Agent, for the purpose of obtaining voting certificates or giving voting instructions in respect of the Meeting, not less than 48 hours prior to the time for holding the Meeting or, if applicable, any adjournment of such Meeting. Any Note(s) so deposited or held will be released at the conclusion of the Meeting (or any adjournment of such Meeting) or upon surrender of the voting certificate(s) or the voting instruction receipt(s) issued in respect thereof not less than 48 hours before the time for which the Meeting (or any adjournment thereof) is convened.

2. The quorum required at the Meeting is two or more persons present holding Notes or voting certificates or being proxies and holding or representing more than 50% in aggregate principal amount of the Notes for the time being outstanding. If a quorum is not present at the Meeting, the Meeting will be adjourned for such period of time, being not less than 14 days nor more than 45 days, and to such time and place, as the chairman of the Meeting may determine and the Extraordinary Resolution will be considered at such adjourned Meeting. Notice of such an adjourned Meeting will be given to Noteholders in the same form and in the same manner as this Notice. The quorum at such an adjourned Meeting shall be the Noteholders present in person or by proxy.

3. A poll must be taken on the Extraordinary Resolution. Every other question submitted to the Meeting will be decided on a show of hands unless a poll is duly demanded by the chairman of the Meeting or by any Noteholder. On a poll every person who is present in person and produces a Note or voting certificate or is a proxy shall have one vote in respect of each £1,000 in principal amount of the Notes so produced or represented by the voting certificate so produced or in respect of which he is a proxy. On a show of hands every person who is so present shall have one vote.

4. To be passed the Extraordinary Resolution requires affirmative votes of the holders of not less than 66⅔% of the aggregate principal amount of Notes represented at the Meeting and voted on a poll upon such resolution. If passed, the Extraordinary Resolution will be binding upon all the Noteholders, whether present at or absent from such Meeting, whether or not voting and whether voting for or against the Extraordinary Resolution, and upon all holders of the Coupons.

5. Notice is hereby given to the Paying Agent, in accordance with Section 8.07(3) of the Sterling Agency Agreement, that block voting instructions should be deposited at the London office of Stikeman, Elliott at Cottons Centre, Cottons Lane SE1 2QL on behalf of the Fiscal Agent not less than 24 hours before the time appointed for holding the Meeting or adjourned Meeting at which the proxies named in the block voting instruction propose to vote.

FISCAL AGENT AND PRINCIPAL PAYING AGENT
BANQUE GÉNÉRALE DU LUXEMBOURG S.A.
27 avenue Monterey L-2951 Luxembourg

PAYING AGENT
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
60 Victoria Embankment London EC4 0JP

This Notice is given, in its capacity as Fiscal Agent, by:

Banque Générale du Luxembourg S.A.
27 avenue Monterey L-2951 Luxembourg

February 17, 1995.

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER IMMEDIATELY.

CONFEDERATION TREASURY SERVICES LIMITED

(the "Corporation")

NOTICE OF A MEETING OF the holders of the outstanding C$100,000,000 9½ per cent. Notes due 1997 of the Corporation

(the "Noteholders" and the "Notes" respectively)

NOTICE IS HEREBY GIVEN

that a meeting (the "Meeting") of the Noteholders convened by the Fiscal Agent on the written request of the Corporation, acting by Deloitte & Touche Inc., as manager and court appointed monitor of the Corporation (the "Monitor"), will be held at The Conference Forum, The Sedgwick Centre, Colchester Street, off Whitechapel High Street, London E1 8DX on Wednesday March 15, 1995 at 11.00 a.m. (London time) or as soon thereafter as a meeting of the holders of the outstanding £100,000,000 9½ per cent. Guaranteed Notes 1997 issued by the Corporation convened for 11.00 a.m. (London time) on the same day shall have been concluded or adjourned, for the purpose of:

(a) receiving a report from the Monitor as to the status of the insolvency proceedings of the Corporation; and
(b) receiving a report to the Noteholders from Union Bank of Switzerland ("UBS") as to the status of the insolvency proceedings of the Corporation; and
(c) considering and, if thought fit, passing the Extraordinary Resolution of Noteholders set out below, which will be proposed by Plaza B.V. in its capacity as a Noteholder as an Extraordinary Resolution; and
(d) transacting such further and other business as may properly come before the Meeting.

The Extraordinary Resolution of Noteholders, as set out below, has been prepared by UBS. The Corporation, the Monitor and their Fiscal Agent and Paying Agents (as defined below) make no recommendation either in favour of or against the Extraordinary Resolution, and none should be inferred by the Noteholders.

EXTRAORDINARY RESOLUTION OF NOTEHOLDERS

WHEREAS C$100,000,000 9½ per cent. Notes due 1997 were issued by the Corporation pursuant to a Fiscal and Paying Agency Agreement (the "Canadian Dollar Agency Agreement") dated as of June [illegible], 1992 between the Corporation, Confederation Life Insurance Company ("Confederation Life"), Hambros Bank Limited as fiscal agent and principal paying agent (the "Fiscal Agent") and Kredietbank N.V. and Banque et Caisse d'Epargne de L'Etat Luxembourg, as paying agents and remain outstanding;

AND WHEREAS Article 8, Section 8.08 of the Canadian Dollar Agency Agreement provides that Noteholders at a meeting of the Noteholders shall have, *inter alia*, the following powers:

(i) power to assent to any modification of or change in or omission from the provisions of the Canadian Dollar Agency Agreement or the Notes or Coupons (as defined in the Canadian Dollar Agency Agreement) which shall have been agreed to by the Corporation and to authorise the Fiscal Agent to concur in and execute any deed or instrument supplemental to the Canadian Dollar Agency Agreement or the Notes or Coupons embodying such modification, change or omission; and

(ii) power to appoint and remove a committee and to delegate to such committee all or any of the powers which the Noteholders could exercise by Extraordinary Resolution under Sections [illegible] and *(i) of the Canadian Dollar Agency Agreement and to provide for payment of the expenses and disbursements of and compensation to such committee.*

NOW THEREFORE IT IS RESOLVED AS AN EXTRAORDINARY RESOLUTION THAT this Meeting of the Noteholders hereby:

(1) assents to the modifications of, changes in and omissions from the Canadian Dollar Agency Agreement set out below by a supplemental and amending agreement thereto (the "Supplemental and Amending Agreement") substantially in the form of the draft produced to the Meeting and signed by the Chairman for the purpose of identification, which modifications, changes and omissions shall only have force and shall only take effect upon the Supplemental and Amending Agreement coming into full force and effect:

In Article 5, Section 5.01(2), third line after the word "Five" insert

", including any distributions, payments and/or dividends (whether interim or final) in any insolvency proceedings or under a plan of compromise or arrangement (including without limitation proceedings or a plan or proposal under or pursuant to the Companies' Creditors Arrangement Act, the Bankruptcy and Insolvency Act or the Winding-Up Act) in respect of the claims of Noteholders or Couponholders whether pursuant to the Notes, the Coupons, this Agreement or otherwise ("Insolvency Distributions"),"; and

In Article 5, Section 5.01(2), fifth line after the words "Agreement and the Conditions" delete ";" and insert

"and for the following persons and shall be applied, subject to Section 5.01(7) below, as follows:

[illegible]

VOTING AND QUORUM

1. *A Noteholder wishing to attend and vote at the Meeting (or, if applicable, at any adjourned Meeting) in person must produce at such Meeting either the Note(s) or a valid voting certificate or valid voting certificates* issued by the Fiscal Agent or the Paying Agents relative to the Note(s) in respect of which he wishes to vote.

A Noteholder not wishing to attend and vote at the Meeting (or, if applicable, at any adjourned Meeting) in person may either deliver his Note(s) or voting certificate(s) to the person whom he wishes to attend on his behalf or give a voting instruction through either Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") or Cedel Bank, société anonyme ("Cedel") in accordance with the usual procedures of Euroclear or Cedel, in the case of Notes held through Euroclear or Cedel, or for Notes not so held, complete a voting instruction on the form obtainable from the specified offices of the Fiscal Agent and the Paying Agents set out below, instructing the Fiscal Agent or the relevant Paying Agent to appoint a proxy to attend and vote at the Meeting (or, if applicable, at any adjourned Meeting) in accordance with his instructions.

In order for a Noteholder to vote without producing his Notes at the Meeting, his Notes must be deposited with the Fiscal Agent or a Paying Agent or (to the satisfaction of such Agent) held to its order or under its control by Cedel or Euroclear or any other person approved by the Fiscal Agent or a Paying Agent, for the purpose of obtaining voting certificates or giving voting instructions in respect of the Meeting not less than 48 hours prior to the time for holding the Meeting or, if applicable, any adjournment of such Meeting. Any Note(s) so deposited or held will be released at the conclusion of the Meeting (or any adjournment of such Meeting) or upon surrender of the voting certificate(s) or the voting instruction receipt(s) issued in respect thereof not less than 48 hours before the time for which the Meeting (or any adjournment thereof) is convened.

2. The quorum required at the Meeting is two or more persons present holding Notes or voting certificates or being proxies and holding or representing more than 50% in aggregate principal amount of the Notes for the time being outstanding. If a quorum is not present at the Meeting, the Meeting will be adjourned for such period of time, being not less than 14 days nor more than 45 days, and to such time and place, as the chairman of the Meeting may determine and the Extraordinary Resolution will be considered at such adjourned Meeting. Notice of such an adjourned Meeting will be given to Noteholders in the same form and in the same manner as this Notice. The quorum at such an adjourned Meeting shall be the Noteholders present in person or by proxy.

3. A poll must be taken on the Extraordinary Resolution. Every other question submitted to the Meeting will be decided on a show of hands unless a poll is duly demanded by the chairman of the Meeting or by any Noteholder. On a poll every person who is present in person and produces a Note or voting certificate or is a proxy shall have one vote in respect of each C$1,000 in principal amount of the Notes so produced or represented by the voting certificate so produced or in respect of which he is a proxy. On a show of hands every person who is so present shall have one vote.

4. To be passed the Extraordinary Resolution requires affirmative votes of the holders of not less than 66⅔% of the aggregate principal amount of Notes represented at the Meeting and voted on a poll upon such resolution. If passed, the Extraordinary Resolution will be binding upon all the Noteholders, whether present at or absent from such Meeting, whether or not voting and whether voting for or against the Extraordinary Resolution, and upon all holders of the Coupons.

FISCAL AGENT AND PRINCIPAL PAYING AGENT
HAMBROS BANK LIMITED
41 Tower Hill, London EC3N 4HA

PAYING AGENTS
BANQUE ET CAISSE D'EPARGNE DE L'ETAT LUXEMBOURG
1 Place de Metz, L-2954 Luxembourg

KREDIETBANK N.V
Arenbergstraat 7, B-1000 Brussels, Belgium

This Notice is given, in its capacity as Fiscal Agent, by:

Hambros Bank Limited
41 Tower Hill
London EC3N 4HA

February 17, 1995.

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER IMMEDIATELY.

Packer wants to control Fairfax

By Nikki Tait in Sydney

Mr Kerry Packer, the Australian businessman who has recently been building up his stake in John Fairfax, said yesterday he would like to control the newspaper publisher.

Mr Packer said he believed it would be legal for him to hold a 24.8 per cent stake in the group, although this view would appear to contravene the country's media cross-ownership rules.

A stake of 24.8 per cent would be just below the interest held by Mr Conrad Black, the Canadian publisher.

Australia's media cross-ownership rules suggest that 15 per cent would be deemed a "control" position, thus limiting Mr Packer's stake in Fairfax to this amount because he has other TV interests in the country.

However, the rulings are not clear-cut. The Broadcasting Services Act suggests, for example, that control can exist above or below the 15 per cent level, depending on circumstances.


Rival shareholders: Conrad Black (left) and Kerry Packer

Mr Packer appears to be attempting to argue that he would not be in a control position while Mr Black has a bigger stake and seats on the board.

Mr Packer's comments came amid fresh signs that his stake-building is continuing. He disclosed earlier this week that his stake had reached 16.4 per cent of Fairfax's equity if some non-voting convertible debentures were included. With further heavy trading in Fairfax shares yesterday, dealers suggested that Mr Packer's interest may now stand at about 17.5 per cent on a fully-diluted basis.

Mr Packer made his remarks in a rare TV interview, in the course of which he was asked if he thought the media cross-ownership rules were a joke. "They are certainly being treated as a joke," he replied.

Mr Packer, confirming that he would like to control Fairfax, claimed to be positioning himself so that he was on an equal footing with Mr Black if media ownership constraints in Australia were relaxed.

Mr Packer said he was manoeuvring himself so that, "if they [the rules] do go away, I'm in a position to rough equity with Conrad Black to decide the future of ... John Fairfax".

Mr Black suggested last year that he would like the limit on his holding – restricted to 25 per cent under rules for foreign ownership of the media – raised to 35 per cent. However, the federal government has to date maintained the status quo.

Mr Rupert Murdoch, who acquired a small stake in Fairfax last year, is understood not to have been involved in recent share-buying.

The Australian Broadcasting Authority is looking into the Packer purchases. Fairfax publishes the Sydney Morning Herald, the Melbourne Age and the Financial Review.

Foreign investors set to buy into Satelindo

By Manuela Saragosa in Jakarta

Satelit Palapa Indonesia (Satelindo), an unlisted Indonesian satellite communications company partly owned by Indosat, the state-controlled international telecommunications group, is expected to sell a 25 per cent stake to a foreign investor through an issue of new shares.

Cable & Wireless of the UK, Deutsche Telekom, France Telecom and Nynex of the US are competing to buy into Satelindo. The Indonesian company was established two years ago and is emerging as a competitor to Indosat, which was listed in Jakarta and New York last year.

Indosat and Satelindo compete in handling international direct calls, but competition is limited to marketing techniques rather than pricing.

Cable & Wireless and Deutsche Telekom are seen to be making the most aggressive pitches for the Satelindo stake. Negotiations between the various parties are under way but a winner is not expected to be announced until mid-March.

Satelindo is jointly owned by Telkom, the state-owned domestic telecommunications company, Indosat and Bimagraha Telekomindo, another Indonesian telecommunications group.

Next October, Satelindo plans to launch the Palapa C-1 satellite from French Guinea through the European space consortium Arianespace.

Satelindo, which has been given a licence by the government to own and operate Indonesia's third generation of satellites, known as Palapa C, said the satellite's footprint would stretch from Iran to Vladivostok and south to New Zealand.

In addition to operating satellites and international direct dial services, Satelindo manages a mobile phone system.

Analysts say it is likely that Satelindo will seek a stock exchange listing soon after it has teamed up with an international telecommunications company.

Israel raises Shk850m from sale of property developer

By Julian Ozanne in Jerusalem

The Israeli government said yesterday it had sold Housing and Development, a large state-owned property development company, to a consortium of private local and foreign investors for Shk850m ($283m).

Mr Yossi Nitzani, director of the government companies authority charged with privatising state-owned companies, said the sale reflected the government's determination to increase the pace of privatisation this year.

Mr Nitzani said Housing and Development had been sold to a consortium comprising Azorim, a property company in the Clal group, Israel Corporation, owned by Mr Shoul Eisenberg, and the Renaissance Fund, a $158m foreign investment fund of Israeli, Canadian and US investors.

Azorim will own 50.1 per cent of the company, Israel Corporation 25.1 per cent and Renaissance the remaining 24.8 per cent.

The deal requires the approval of parliament and the supervisor of monopolies.

The sale of Housing and Development is the second large deal concluded this month following the sale to Mr Eisenberg of a 24.9 per cent controlling stake in Israel Chemicals for $230.3m. The deal received parliamentary approval on Wednesday.

Mr Nitzani, who spent the last week fighting to get Israel's parliament to approve the Israel Chemicals sales, said that in spite of continued opposition from workers and politicians, the government was pressing ahead with its privatisation programme.

"We are now seeing the fruits of our work in the last couple of years and it shows that if you are professional, stubborn and you don't give up, eventually you will get to your goals," Mr Nitzani said.

Mr Jonathan Kolber, joint manager of the Renaissance Fund, said investors were pleased with the deal and the company had been bought at a good price.

Goodman Fielder to sell Asian interest

By Nikki Tait

Goodman Fielder, the troubled Australian food company, plans to sell its 63.78 per cent stake in Goodman Fielder Asia, a Singapore-listed company with interests in south-east Asia which range from distribution to ice-cream and cakes, for S$191.9m (US$128m).

The Sydney-based group said yesterday it had received an offer, worth S$2.42 a share, from a consortium of Asian investors.

The principal investor in the consortium is Mrs Ir Endang Utari Mokodompit of Indonesia's Bank Pacific.

Also involved is SouthQuay, a private Hong Kong-based company, whose ultimate shareholders are Mr Wee Sin Tho and Mr Neo Hock Soon.

As required under Singapore rules, the consortium will also make a general offer to remaining minority shareholders in GFA.

Goodman, which has been the subject of shareholder disquiet recently and seen a series of management and boardroom changes, stressed that the sale did not mean that it was pulling out of Asia.

It said rather that managing an Asian growth plan through the publicly-listed entity was not the best way to proceed.

Goodman acquired a stake in GFA, formerly known as Cold Storage, in 1988. In 1993, Cold Storage's retail operations were sold, and the name changed.

The business has been rationalised recently, and made a pre-tax profit of S$6.53m in 1993-94.

About 85 per cent of the profits came from food distribution businesses in Singapore, Malaysia, Thailand and New Zealand.

Goodman, which expects to show a very small net abnormal loss on the deal, added that its future focus in Asia would be on snacks, fats and oils, and frozen Chinese foods.

It shares closed one cent lower at A$1.27.

● Mr John Ralph, former managing director of CRA, the large Australian resources group, has resigned from the board and will not now succeed Mr John Uhrig as chairman at the end of 1995, as previously announced. Mr Ralph will, however, have a consultancy agreement with the company.

Personal reasons were cited for the decision.

NZ group optimistic despite loss

Fay Richwhite, the New Zealand financial services company which its two majority shareholders want to privatise, yesterday said its balance sheet was strong in spite of reporting a NZ$7.3m (US$4.6m) loss in the first half, Reuter reports from Wellington.

The company added that it expected to return to profitability in the second half.

The group's main business units, comprising Doyle Paterson Brown and Securities Trading in New Zealand and the corporate finance divisions in New Zealand and Australia, were expected to perform to budget in the second six months.

"As a result, the company should trade profitably in the period to June 30 1995," it said.

Plans to sell the Australian trading operation, which made a NZ$2.7m loss in the period, were not realised because of an absence of buyers and the international downturn in securities trading.

Principals Sir Michael Fay and Mr David Richwhite plan to buy the 28 per cent of shares that they do not already own and privatise the company.

Swissair unit in takeover bid for Australian group

By Nikki Tait

A wholly-owned subsidiary of Swissair yesterday unveiled a takeover bid for M. S. McLeod, the listed Australian group which owns Downtown Duty Free, the country's largest duty-free retail business.

The offer of 90 cents a share values McLeod at A$24.6m (US$18.9m).

The Swissair offer comes just over a month after Lion City, a private holding company owned by the Singapore-based Jumabhoy family, announced plans to acquire a 45.7 per cent interest in the Australian group. That offer was priced at 84 cents a share.

The 12.5m shares were to be sold by a number of private shareholders, including Outer Hebrides Pty, the trustees of the estate of M. S. McLeod, Mr Henry Cross, and Blackberry Pty.

Downtown Duty Free takes in off-airport outlets in big cities and some city suburban areas and tourist centres.

Coles unveils plan to cancel most of buy-back shares from Kmart

By Nikki Tait

Coles Myer, Australia's largest retailer, yesterday unveiled a three-part package to deal with the remaining 147.8m shares which it bought back last year from Kmart, the US retailer.

The shares are equivalent to 12.72 per cent of Coles' equity and worth about A$650m (US$485m) at yesterday's prices.

About two-thirds of the shares will be cancelled. Coles said it would ask shareholders to approve a cancellation by way of selective capital reduction for 95.6m shares, representing 8.23 per cent of its equity.

A shareholder meeting has been called for March 23. Mr Solomon Lew, Coles' chairman and its largest single shareholder, said the aim was to cancel as soon as possible after that.

A second tranche of 21.6m shares, or 1.86 per cent of the equity, will be distributed to Coles' existing shareholders in July via a fully-franked "buy-back" dividend. Shareholders will receive one share for every 50 shares currently held.

Mr Lew said the number of shares handed out in this way was limited by the available pool of franking credits.

Coles said 30.55m shares will remain in a trust, and units in the trust will be sold to the Australian Mutual Provident Society, one of Australia's largest institutional investors, for A$189m. Coles said that, aside for benefits which might arise from certain tax credits, this structure would have no other assets.

The 30.55m shares represent 2.63 per cent of Coles' equity, and the purchase of the units will mean that AMP's interest in Coles will rise to about 5.25 per cent.

Coles, which has been criticised on corporate governance grounds and for its flat profits performance in recent years, bought back a total of 276.8m shares – then equivalent to a 21.45 per cent stake – from Kmart last year, paying A$4.55 a share. It has already cancelled one tranche of 129m shares.

In a statement accompanying news of the disposal plans, Mr Peter Bartels, chief executive, indicated that profits growth should be evident when the company announces interim results next month.

"Profits for the first half are expected to increase ahead of sales when the company announces its interim results," he said. Last week, Coles reported a 6.7 per cent improvement in sales in the 26 weeks to end-January.

Mr Bartels also said that further asset sales were imminent, although he gave no details. In November, Coles announced a A$500m property sale, involving a number of retail and shopping centre assets.

Coles' shares rose 10 cents yesterday to A$4.40.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 17.02.95: Pool purchase price £/MWh	Final Prices for Trading on 25.01.95: Pool purchase price £/MWh	Pool selling price £/MWh
0030	9.06	27.13	29.70
0100	9.06	27.13	29.70
0130	9.48	29.87	32.44
0200	9.48	29.87	32.44
0230	9.48	27.13	29.70
0300	9.48	27.13	29.70
0330	9.09	27.13	29.70
0400	9.06	27.13	29.70
0430	8.95	27.13	29.70
0500	8.82	10.31	12.87
0530	8.82	10.91	13.47
0600	8.81	10.06	10.06
0630	8.95	10.06	10.06
0700	9.06	35.55	36.15
0730	8.03	28.71	29.57
0800	8.06	40.19	43.46
0830	9.90	64.91	66.55
0900	10.90	43.90	48.10
0930	12.71	68.21	72.65
1000	13.04	69.00	73.59
1030	12.94	68.33	72.75
1100	12.86	44.60	46.92
1130	12.87	42.25	46.50
1200	12.70	42.32	46.59
1230	12.57	66.45	70.49
1300	12.17	64.95	68.66
1330	11.73	62.87	66.07
1400	9.25	38.53	39.45
1430	9.13	27.15	29.94
1500	9.10	28.94	29.86
1530	9.06	28.93	29.66
1600	9.03	13.63	13.63
1630	9.07	50.39	50.39
1700	9.63	189.39	191.04
1730	14.59	247.09	262.66
1800	27.44	241.97	276.39
1830	33.72	146.58	169.95
1900	30.52	86.47	89.07
1930	20.95	59.02	65.74
2000	12.67	45.75	49.61
2030	13.66	26.22	28.92
2100	9.97	25.58	28.11
2130	9.95	25.76	28.33
2200	9.00	10.91	18.47
2230	8.89	10.06	10.06
2300	8.83	9.97	9.97
2330	8.85	9.90	9.90
2400	8.82	9.70	9.70

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.00/MWh becomes 1.800p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 8:30am and 5:15pm Monday to Friday.
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Year-long search ends with appointment of former Westland chairman

BICC names GKN man for top job

By Tim Burt

BICC, the cables and construction company, yesterday ended a year-long search for a chief executive by poaching Mr Alan Jones – former chairman of Westland Group – from GKN, the motor components, industrial services and defence equipment manufacturer.

Shares in GKN, where Mr Jones assumed control of the defence businesses last year following the acquisition of Westland, fell 9p to 577p amid market fears that his departure could hamper its chances of winning helicopter orders.

BICC, by comparison, saw its shares climb 7p to 328p as analysts predicted the new chief executive would act quickly to strengthen the balance sheet and improve dividend cover.

"He will have total responsibility for the day-to-day management of the business and I'm sure he will make an impact," said Sir Robin Biggam, BICC chairman.

Mr Jones, who has signed a two-year rolling contract worth almost £300,000 a year, was considered a leading contender to succeed Sir David Lees as GKN chairman following his retirement at the end of next year.

Mr Jones said: "I'm delighted to be back as chief executive of a public company."

Initially, he will work closely with Sir Robin, who last month signed a new three-year contract. The BICC chairman is expected to remain in a full-time role for only the next 12 months and could assume a non-executive function thereafter.

Such a scenario would make Sir Robin, 56, a leading candidate for other companies, and analysts yesterday linked his name with BTR, the industrial conglomerate. "This gives him a greater opportunity to move on," said Mr Charles Burrows at James Capel. "I don't think Alan Jones would have come in otherwise."

News of Mr Jones' departure surprised workers at Westland, where he was leading negotiations on a £1bn Ministry of Defence order for its EH101 transport helicopter. "The timing was unfortunate as we are moving into a crucial period in the next couple of weeks on the EH101," said one company insider. However, Westland is still expected to win at least part of the MoD order.

Winning against stiff competition from Boeing of the US would secure thousands of jobs at Westland's Yeovil plant in Somerset, and improve the export prospects for the EH101. Westland is also bidding to supply the British Army with £2bn of attack helicopters. It has the leading contender, the US-designed Apache.

Mr Jones, who claimed he was the "leading spirit" behind bids to secure orders for the EH101 and Apache, admitted his move "may be a blow for GKN".

Sir David Lees played down the impact of the boardroom changes and pointed out that Mr Jones would remain with GKN until the end of March, by when the government is expected to have announced its EH101 decision. "I'm jolly sorry to be losing Alan, but orders are about companies and products and not about people," he said.

Trevor Humphries

Alan Jones: contract worth almost £300,000 a year

GKN acted to fill the gap yesterday by appointing Mr David Wright, chief executive of special vehicles operations, to succeed Mr Jones as managing director of the aerospace and special vehicles division. Mr Wright, 54, has been credited with restructuring GKN's armoured vehicle production and helping to secure exports, including a Kuwaiti order for 200 Warrior armoured vehicles worth more than £500m.

Profits from such orders are likely to contribute to GKN profits of about £200m for 1994. BICC is expected next month to announce 1994 profits up from £104m to £132m.

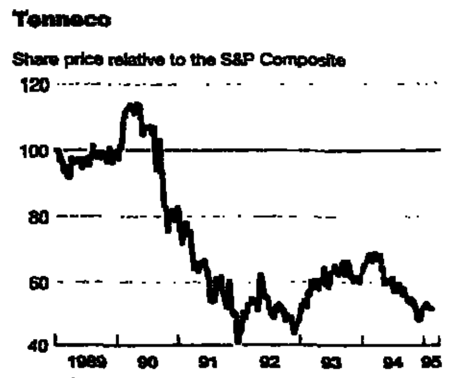
LEX COMMENT

Albright & Wilson

The low price set for Albright & Wilson's placing and public offer says more about the UK new issues market than the condition of the chemicals company. The market is suffering a bout of indigestion, as shown by the two issues pulled last week.

That is not to say there are no doubts about Albright & Wilson. The chemical company's financial record is erratic, with its detergents division posting lower operating profits in the past two years. The timing of the group's $58m investment in Mexico last year was unfortunate and will necessitate large currency translation losses. The chief executive and finance director are due to retire within two years leaving no obvious successors. And the group is embroiled in litigation over a significant US accident and its less than envious environmental performance.

That said, there is a tendency to exaggerate companies' problems before an offer in order to drive the price down. That has clearly happened during this issue. The 150p price is 22 per cent lower than originally expected. On a price/earnings basis the group is being sold at a 20 per cent discount to the market. Against the chemicals sector – excluding ICI – it is at a 30 per cent discount. Albright & Wilson has its difficulties, but they do not justify such a low rating.



Source: Datastream

The only sensible conclusion is that the owner, Tenneco, is so anxious to continue its restructuring programme that it is willing to conclude the sale virtually whatever the price. At this price, the deal is a steal.

Charles Saatchi departs and may sue

By Diane Summers and William Lewis

The last Saatchi walked out of Saatchi & Saatchi yesterday as Mr Charles Saatchi, life president and co-founder with his brother Maurice of the advertising group, left saying he may sue the company for constructive dismissal.

This latest development came as it emerged that Mr Bill Muirhead, the former head of Saatchi & Saatchi Advertising North America, had authorised a $50,000 payment to Mr David Burnside, the former head of public relations at British Airways. The payment came after executives in Saatchi's London head office had apparently not been willing to authorise the payment. The company has employed Grandfield, another public relations consultancy, since 1990.

Mr Charles Saatchi, who is already lined up to take a 20 per cent stake in a rival agency established by his brother, said his position had been made "intolerable" because Saatchi & Saatchi had named him in legal actions.

He is likely to claim he is entitled to more than £1m ($1.55m) because his five-year fixed-term contract, at £312,500 a year, has nearly four years to run. He says he will try to settle the matter amicably, but reserves the right to sue.

The company said it accepted his resignation and rejected claims for constructive dismissal. One insider said: "His resignation has saved everybody a lot of trouble. His position was becoming increasingly untenable."

Mr Charles Saatchi stepped down as a director in December 1993. Since then, he has had little to do with the company. His one official duty for Saatchi & Saatchi was to oversee the creative work for Silk Cut cigarette advertising – an account which moved on Wednesday to Mr Maurice Saatchi's new agency.

Mr Burnside confirmed yesterday that part of the $50,000 payment he received was for public relations advice he had given to Mr Maurice Saatchi while he was still chairman of the company. Mr Saatchi used Mr Burnside as a consultant during the period April 1 to September 30 1994.

Albright & Wilson priced at 150p

By David Blackwell

Albright & Wilson, the chemicals company being floated out of Tenneco of the US, confirmed yesterday a flotation price of 150p a share, valuing it at £470.3m ($729m).

Tenneco was originally hoping to raise £600m from the float, which is one of the last big moves in its three-year restructuring. Many in the City of London felt that the issne could have been got safely away at a higher price, probably about 165p.

"Tenneco suffered from a combination of impatience and panic," said one fund manager. "They were so far down the track that to pull it and come back six months later was no longer an option."

The price puts the company on a prospective earnings multiple of 10 – well below comparable UK companies such as Laporte and Allied Colloids at about 13 times.

Tenneco said yesterday that it was expecting gross proceeds from the offering of £520m, including £50m of dividend. "Given the very difficult market conditions for new offerings when a number of quality company flotations have been pulled back, we are pleased with the offering, and with the substantial value created at Albright & Wilson over the past two years, which we will now realise," said Mr Dana G Mead, chairman and chief executive officer.

Analysts said that in current market conditions the issue had to be priced attractively. They are expecting the shares to rise strongly when dealings open on March 8.

Closing date for the issue, which is expected to be oversubscribed, is next Friday.

The prospectus estimates operating profits for the year to December 25 at £62.7m and earnings at 15.5p before exceptional items. After charging more than £20m for rationalisation, environmental costs and exchange rate losses in Mexico, pre-tax profits are forecast at £40.7m and earnings at 9p.

Late surge of interest in generators' shares

By Peggy Hollinger

More than 5 per cent of the British population has registered an interest in buying shares in the government's £4bn ($6.20bn) sale of its stakes in the country's two largest electricity generators, National Power and PowerGen.

Mr Kenneth Clarke, the Chancellor, who yesterday launched the UK public offer, said 3.1m people had expressed interest in the offer through high street share shops.

The level of registrations so far had outstripped the 2.6m who registered at a similar stage in the sale of the third tranche of shares in British Telecom, he said.

Advisers to the offer said registrations had jumped sharply over the last week, following the public controversy which erupted over the pay of chief executives, Mr Ed Wallis of PowerGen and Mr John Baker of National Power. In the last week, 700,000 people had expressed an interest in acquiring shares.

"There was a real surge at the end and the only thing we could put it down to was Ed Wallis's options," an adviser said.

Mr Clarke also unveiled a 10p discount to private investors on the shares, which will be paid for in instalments over three tax years. Institutions will pay 180p per National Power share and 195p per PowerGen in the first down-payment, against 170p and 185p for private investors.

The second instalment for both private and institutional investors will be 170p for National Power and 185p for PowerGen. The third payment will be set on March 6, after bids have been received from institutions in the international offer.

The 10p discount is in addition to the retail incentives available to investors who registered with share shops before February 14. They may opt for either a 25p discount on the first 800 shares allocated, spread over the second and third payments, or a one for 15 share bonus on the first 1,200.

The public will be allocated at least 40 per cent of the 805.4m shares on offer, and possibly more depending on interest.

The government will decide later this month how much will be allocated to the public and how much is to go to institutions.

Norcros shares drop 18% after loss warning

By Geoff Dyer

Shares in Norcros, the building materials and printing and packaging group, fell 18 per cent yesterday after it warned of a loss for the full year, a dividend cut and a further business reorganisation.

Analysts were taken aback at the latest bad news from a company which has disappointed on a number of occasions over the years. Mr Robin Hardy, at Panmure Gordon, said: "We have heard before that the problems are under control. This undermines management credibility."

His sentiments were echoed by Mr Michael Rubie, at Credit Lyonnais Laing, who added: "We have been led to believe in the past that they have sorted out the problems, but they have hit the buffers yet again."

Mr Michael Doherty, Norcros chairman, said a pre-tax loss after provisions was expected in the year to March 31. Last time the group made £17.1m ($27m) profits on sales of £378m. Mr Doherty added that "the final dividend, if any, will not be maintained" at its previous level of 3.5p.

Analysts had been forecasting pre-tax profits of about £18m, but were rapidly revising their figures after the company admitted that profits before provisions would be "not less than" £10m. The shares dropped 17p to 80p.

Mr Doherty said the problems were concentrated in the building products division, which would see "a marked reduction in profitability" from the £1.64m before interest it made in the first half. Analysts are now predicting a second-half loss of about £8m.

Mr Doherty said the group planned to "create a more focused structure".

Avocet Ventures to seek London listing

By Kenneth Gooding, Mining Correspondent

Avocet Ventures, a mining and metals company that is concentrating on a niche market – tungsten – is to seek a full London Stock Exchange listing this year and will raise another £10m ($15.5m).

With a market value of more than C$120m, Avocet is one of the biggest companies listed solely in Vancouver. Many of its shareholders are based in the UK, with which two directors have connections: Mr Nigel McNair Scott, the chairman, is a former finance director of the Helical Bar property company, while Mr Jocelyn Waller, president, formerly worked for Charter Consolidated, the industrial group now called Charter.

Avocet also announced yesterday that it is to acquire processing and production facilities at Bishop, California, from Strategic Minerals Corporation for about $10.8m.

Mr Waller said yesterday: "We have been lucky and successful and grown substantially, so that a number of our institutional shareholders have said we need to be quoted on a more grown up exchange."

It was probable that a new company would be set up in London to take over the Canadian one.

Mr Waller added that Avocet would also seek a listing in Toronto "because we don't want to loose access to the North American market."

Avocet now controls four tungsten mines, in Peru, Portugal and the US, and has become the biggest supplier and trader outside China, the leading producer, and the Commonwealth of Independent States. Avocet is also exploring for gold in Malaysia and Peru.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Alumasc	6 mths to Dec 31	30.8	(27.3)	5.18	(4.41)	10.8	(9.5)	2.3	Apr 13	2.05	-	6.5
Bellwinch	6 mths to Dec 31	13.6	(8.53)	0.636	(0.274)	1.4	(0.6)	0.2	Mar 31	nil	nil	nil
Kleinwort Benson	Yr to Dec 31	-	(-)	97	(111.7)	53.9	(69.2)	14.75	May 9	12.5	21.5	18.5
Ward	Yr to Oct 31	35.8	(41)	4.05	(5.7L)	7.7	(10.4)	1	Apr 4	nil	1.5	nil
Westminster Health	6 mths to Nov 30	32.7	(23.9)	6.27	(5.17)	10.2	(8.6)	2.1	Apr 6	1.75	-	4.5
Wickes	Yr to Dec 31	733.6	(608.5)	30.1	(17.8)	5.6	(4.2)	1.3	July 18	0.8	1.8	1

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Anglo & Overseas	Yr to Dec 31	469.7	(506.8)	8.7	(8.78✝)	7.62	(7.69✝)	5.65	Apr 24	5.4	7.4	7.15
Drayton Far Eastern	Yr to Dec 31	158.6	(164.8)	0.82	(1.22)	0.71	(1.05)	0.55	-	0.55	0.675	0.675
General Cons	Yr to Dec 31	199.3	(290)	3.57	(3.43)	10.04	(9.45)	2.4	Apr 5	1.81	9.3	8.71
Pantheon Intl	6 mths to Dec 31	239.1	(215.8)	0.89	(0.09)	5.29	(0.51)	-	-	-	-	0.5
River & Mercantile	Yr to Dec 31	183.88	(251.82)	10	(10.4)	9.55	(10.17)	2.45	Apr 7	2.45	9.2	9.2

Dividends shown net. Figures in brackets are for corresponding period. ✝Restated.

Price cuts behind Wickes' 69% rise

By Neil Buckley

A programme of price reductions helped Wickes, the UK's fourth largest DIY retailer, buck the trend in the competitive market and beat expectations with a 69 per cent rise in 1994 pre-tax profits from £17.8m to £30.1m ($46.7m).

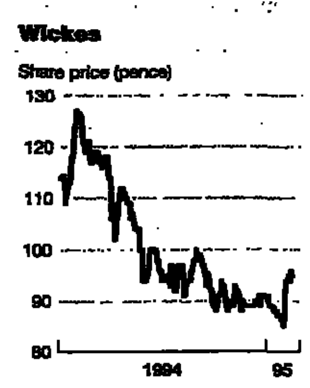
Wickes cut prices on 1,000 of its 4,000 product lines last January, and on a further 1,300 in March, before extending reductions across most of its range by the end of the year.

Its reward in the UK was a 12 per cent increase in like-for-like sales, excluding new stores, and a total rise of 34 per cent, much higher than competitors.

The shares rose 1p to 96p, and the market was cheered by an increase in the proposed final dividend to 1.3p, making a total for the year of 1.8p, against 1p.

Group turnover grew 21 per cent to £733.6m (£608.5m), while operating profits increased 41 per cent to £36.6m (£26m). The net interest charge fell from £7.79m to £3.03m, but pre-tax figures were depressed by a £3.6m (£695,000) charge for reorganisation of the Hunter and Malden timber businesses.

UK turnover rose from £515.5m to £636m with the continental division – the Dutch,



Source: FT Graphite

Belgian and French stores – higher at £97.6m, against £93.1m.

Operating profits in Wickes UK increased from £23.1m to £28.2m, and in Wickes Continental from £4.9m to £5.6m. Hunter Timber returned to profits with £2.3m, against a £1.6m loss. However, Malden, the timber merchants, increased losses from £4m to £5.4m.

Profits from the property development division were lifted from £3.5m to £5.8m.

Earnings per share increased 33 per cent from 4.2p to 5.6p.

Profits forecasts for 1995 of about £45m put the shares on a prospective multiple of 11.6.

A Fisher ahead in N America

Albert Fisher, the food group, reported that its repositioning into growth areas was now almost complete and that some signs of improving market conditions were beginning to appear.

Overall trading was in line with the board's expectations. North America improved with generally firmer prices but margin pressures were affecting Europe.

The disposal of Delbys, the Belgian food broker, will result in an exceptional charge of £6.5m ($10m), mainly goodwill previously written off to reserves.

The shares rose 1p to 45p yesterday.

T&N Indian venture

T&N has formed a joint venture with an unnamed partner to manufacture non-asbestos friction products for the Indian automotive industry and for export.

The automotive and engineering components group will have a majority interest in Ferodo India, in which about £4m ($6.2m) is being invested. The company will employ about 200 people.

Production is expected to start in the third quarter of the year.

BUSINESS AND THE LAW

A case for stricter discipline

Anton van Schijndel argues for an independent EU competition office to police state aid rules

The European Commission's competition powers are coming under increasing challenge in the run-up to the 1996 Intergovernmental Conference (IGC) to review the Maastricht treaty.

Last year the Commission made several controversial decisions in approving state aid to airlines Air France and Olympic (the Greek national carrier), Bull, the French computer maker, and European steel companies.

Industry analysts say such aid profoundly distorts competition in the EU. They also point out that state aid denies efficient producers the fruits of expansion in the wider Union market, undermining European industry's competitiveness in world markets.

The Commission's decisions have underscored the uncertainty that exists about the limits of its discretionary powers in this field. In European law there are two competing theories on the scope of the Commission's discretion – the one adhered to by the Commission is essentially political in nature, while the other stresses the economics of state aid.

The Commission maintains that it may lawfully approve aid if it finds that the interest of undistorted competition is outweighed by other Union interests or objectives. Consequently, the Commission only guards against "disproportionate distortions of competition". In practice, this means that in politically sensitive cases it will balance the various interests as it deems fit.

State aid decisions, like all others, are taken by the Commission as a whole, meaning that Mr Karel van Miert, the competition commissioner, can be overruled by his peers. The system reinforces the tendency to link state aid decisions to other entirely extraneous issues. Approval or disapproval of aid thus becomes part of a secret and broader bargaining process between the Commission and member states.

The Commission has tried to fend off criticism by pointing to the stringent conditions which it sometimes attaches to its approvals. An example is the approval of the FFr20bn (£2.43bn) aid package to Air France, an amount which critics say almost equals world airlines' entire losses in 1993. In an attempt to limit the distorting impact, the Commission in effect imposed on Air France pricing requirements and undertakings not to fly on routes that "belong" to other airlines.

These conditions, however, inevitably create new distortions as they deny the troubled airline the ability to compete. Worse, they set a dangerous precedent of direct regulation of industries, while the legality of such regulatory actions is dubious in the absence of a clear legal basis for it.

In contrast to the Commission's approach, the economic theory stresses that it is charged with ensuring that competition in the EU is not distorted. This does not mean the Commission cannot take regional or sectoral interests into account. But in doing so it must at all times safeguard member states' common interest in the integrity of the competitive process.

The economic theory recognises that this common interest is not necessarily impinged on by the granting of aid. For example, regional aid may be permissible if it does not go beyond what is necessary to compensate for location cost disadvantages and if it is phased out within a certain period.

Similarly, sectoral aid to facilitate restructuring of mature industries across the Union may be permissible if economic evidence shows the industry's aggregate capacity is reduced to an economically viable level, while at the same time the firms' cost structures are restored to competitive levels.

Aid cannot be allowed, however, if there are only a few ailing companies in a particular market and economic analysis confirms that the proposed subsidies will adversely affect the competitive position of others in that market.

All these examples show that Commission approvals can, and should, be based on objective economic analysis. Accordingly, the regular techniques of market analysis used in Article 85 and 86 investigations can, and should, be applied in all cases where the Commission intends to approve state aid.

Yet, even state aid which is eligible for approval will virtually always damage economic efficiency. In EU law, however, there is no doubt that the Commission may lawfully approve such aid. This is in line with the Treaty of Rome's aim of social and economic cohesion and, in particular, Article 92 which expressly allows for aid to promote economic or regional development.

In this respect, the merit of the economic approach is that it at least provides for verifiable and legally enforceable boundaries to the Commission's discretion. However, it may be years before the European Court of Justice decides to resolve definitively the issue of discretion; until then, state aid supervision is bound to remain haphazard.

Many observers therefore believe that a transfer of the Commission's enforcement powers to an independent competition office would be the best way to strengthen enforcement. Member states should be able to agree on such new institutional arrangements at the 1996 IGC.

The Commission, however, should retain its exclusive power to propose to the Council of Ministers the general rules on which types of aid are permissible. Such rules are needed because state aid decisions should be based on clear legislative rules which have received political approval from the Council.

Yet in practice, the Commission has never been keen to exercise this power, apparently because it prefers the flexibility of its policy rules.

Germany has long advocated a stand-alone body to police the anti-trust rules relating to private business. The Germans may want to extend this idea to state aid enforcement. The British also are unhappy about the present lawlessness and may favour reform.

Political pressures for another subsidy round may prove irresistible if no better control system has been put in place

And the Benelux countries, Denmark, Finland, Sweden and Austria may support reform, even though they oppose an overall weakening of the Commission which they regard as a bulwark against domination by the larger member states. These smaller countries know that they stand to gain most from impartial enforcement of competition rules.

France may be willing eventually to accept reform, especially given the improvement of the competitiveness of French business in recent years due to sound economic management. Yet France may wish to retain extra leeway to help some of its state-owned enterprises, which are preparing for privatisation.

To allow for such "additional flexibility", France and some other countries might hold out for qualified majority voting instead of the present unanimity rule if, in the event of so-called exceptional circumstances, the Council wishes to overrule the Commission, or, in the new set-up, the independent competition office. Obviously, this could defeat the very purpose of reform, which is to insulate law enforcement from political pressures. A more limited compromise should be feasible, however, especially given France's strong dislike of the undue leverage that the Commission has gained from its current mode of operation.

In a broader context, it is imperative for the Union to have meaningful state aid disciplines after the 1996 IGC. The European economy will not easily shed its structural weaknesses of rigid labour markets, over-regulation and too many sealed-off markets. Consequently, if the current economic recovery does not reduce unemployment levels substantially and fizzles out, political pressures for another wasteful subsidy round may prove irresistible if no better control system has been put in place.

The author is a member of the Amsterdam Bar

COMMERCIAL PROPERTY

LEGAL NOTICES

No. 000642 of 1995

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
MARUBENI UK PLC
-and-
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 3rd February 1995 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of capital of the above-named Company from £50,000,000 to £41,786,000 AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Registrar Buckley at the Royal Courts of Justice Strand London WC2A 2LL on Wednesday the 1st day of March, 1995.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 17th day of February 1995

Messrs Macfarlanes
10 Norwich Street
London
(Ref: AZL/533925)
Solicitors for the above-named Company

IN THE MATTER OF
LOWANA HOLDINGS LIMITED
and
IN THE MATTER OF
THE CYPRUS COMPANIES
LAW CAP 113

NOTICE IS HEREBY GIVEN that the creditors of the above-named company which is being voluntarily wound up are required on or before the 17th day of March 1995 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Mr Costas L Mavrocordatos, ACA of Julia House, 3 Themistocles Dervis Street, PO Box 1612, Nicosia, Cyprus, the liquidator of the said company, and if so required by notice in writing from the said liquidator, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 17th day of February 1995

Costas L Mavrocordatos
Liquidator

COMMODITIES AND AGRICULTURE

Wood pulp price record looms after US group's surprise announcement

By Bernard Simon in Toronto and Christopher Brown-Humes in Stockholm

Weyerhaeuser, the US forest products group, has surprised the wood pulp market by announcing a price increase that will lift pulp prices to record levels.

The latest rise, to take effect on June 1, will raise the price of northern softwood bleached kraft, the industry's benchmark product, to US$910 a tonne in North America and $925 a tonne in Europe.

The price is $750 a tonne at present, but producers last month announced an increase to $825, with effect from March 1.

Weyerhaeuser's announcement caught other producers off-guard. Mr Hans Burmeister, marketing director of Sweden's Södra Cell, said his company had not expected the $925-a-tonne level to be reached before the end of the year. Pulp prices sank as low as $390 a tonne in mid-1993.

However, demand remains strong. "Our customers continue to operate at very high levels," said Mr John Sim, vice-president for pulp marketing at Avenor, a large Canadian producer. "They are all pressuring for extra tonnage."

The shortage has forced some small paper mills in France to close temporarily.

The spiral in pulp prices stems partly from rising demand, especially in south-east Asia, as well as a succession of supply disruptions. In the longer-term, buyers are concerned about a shortage of wood fibre as a result of environmental pressures in North America and Scandinavia.

However, surging pulp and paper markets have alarmed consumers. Mr Reto Braun, chief executive of Canada's Moore Corporation, the world's biggest business forms maker, said yesterday that he had asked the company's five biggest paper suppliers to give more advance warning of price increases.

Mr Braun said that the recent jump in prices might have contributed to a slowdown in Moore's sales volumes in the fourth quarter of 1994, but that at least 90 per cent of paper price increases have been passed on to customers.

Lugar proposes farm budget cuts

By Laurie Morse

Senator Richard Lugar yesterday recommended that US domestic farm subsidies be cut by $14.9bn over the next five years, and said a controversial export subsidy programme used to push US grain overseas should be eliminated altogether.

Senator Lugar, chairman of the Senate Agriculture Committee, told a Senate budget committee hearing that he would like to reduce "target" prices paid to US maize, wheat, cotton, and rice farmers by 3 per cent a year for a total of $11.45bn over five years, and end the US Export Enhancement Programme, saving another $3.4bn.

Farm lobbies attacked the proposed cuts. Mr Dean Kleckner, president of the American Farm Bureau Federation, which represents more than 4m farmers, said the cuts "would force American agriculture dangerously close to a farm crisis". Senator Lugar has promised his committee will perform a "top-to-bottom" review of even the most sacred of the US Department of Agriculture's farm programmes in 1995. However, his budget committee testimony was the first time he has suggested specific cuts.

An aide said Mr Lugar's testimony was offered as "guidance" to the Senate budget committee. The Clinton Administration earlier this year asked for a relatively modest $1.5bn reduction in farm spending over the next five years, and boosted outlays for promoting farm exports.

'Green pound' boost for UK farmers

The "green pound", the rate at which European Union supports are translated into sterling, will be devalued today, reports Reuters from Brussels. The move, which reflects sterling's weakness on the foreign exchanges this week, will help British farmers by boosting their EU supports in sterling terms and making their exports more competitive.

The European Commission said yesterday that the rate would move to 0.799794 per European currency unit from 0.789704. Also being devalued are the green lira and the green drachma.

The UK Home-Grown Cereals Authority said before the commission's announcement that the green pound would be devalued because its three-day average real agri-monetary gap of −1.711 per cent exceeded the −1.434 per cent trigger.

Building figures hit lumber futures

By Laurie Morse in Chicago

Rising interest rates apparently rattled US home builders in January, and symptoms of slowing demand sent prices for lumber futures traded at the Chicago Mercantile Exchange down the allowable limit yesterday.

Market analysts said very slow near-term demand in the cash lumber markets ahead of the US President's Day holiday on Monday also contributed to weaker prices.

The US Commerce Department said January housing starts dipped 9.8 per cent to 1.377m units, which put new construction of lumber-intensive, single-family homes at their lowest level since March, 1993. The housing starts data surprised analysts, who had forecast starts nearer 1.49m units for the month.

Lumber analysts said data on January permits was equally negative for lumber prices. Applications for permits to build new homes dipped 8.6 per cent during the month, suggesting sluggish new home starts will continue throughout the spring. Lumber is a primary component in new home construction.

In the Chicago futures pit, the price for the most-traded, March delivery, contract on Canadian spruce-pine-fir was down $10 at $318.30 per thousand board feet.

Irrigation bears fruit in Pakistan

David Spark reports on a water-powered agricultural revolution

Seed potatoes and Golden Delicious apples are bringing new prosperity to the small farms of the dry valleys that divide the high mountains of North Pakistan.

In the early 1980s, incomes were less than half the national average. Now, with the help of the Chinese-built Karakoram highway and of the Aga Khan Rural Support Programme, they are pushing up towards it. New homes on the farmland, replacing old ones in cramped villages, are among the signs of change.

Seed potatoes, best produced in upland areas, earn for northern farmers nine times as much from an acre of land as the traditional wheat. Merchants travel up from the Punjab to buy them.

Apples are costly in Pakistan – even at their lowest prices they are three times as valuable as wheat.

Seed potatoes and dried apricots (a local speciality) are handled by a co-operative, the Gilgit Agricultural Marketing Association. The programme has even had a request for organically-grown apricots from Brazil. It is studying the idea of producing vegetable seeds; four-fifths of Pakistan's present supply is imported.

The 1m people of the far north face three problems: dryness, fuel shortages – in a land of cold winters and few trees – and remoteness. Even with the Karakoram highway, the north's chief town, Gilgit, is two days by lorry from Islamabad and the plains, ruling out the transport of perishable produce.

Chitral, away from the highway, is even more remote and is cut off from the rest of Pakistan for half the year. Nevertheless it has found a crop, Mexican beans, much in demand for curries elsewhere in the country.

Farming in the almost rain-free northern valleys is made possible by channels bringing water from mountain glaciers to small, terraced fields on the lower slopes. The average holding is just over a hectare.

Farming in the almost rain-free valleys is made possible by channels bringing water from mountain glaciers

The irrigation used to be organised by local rulers, the mirs, who lost their traditional powers in the 1975. Over the past ten years, the Aga Khan Rural Support Programme has been encouraging local village organisations to take over. These organisations have increased the area of irrigated land by half.

With the help of aid money, mainly from Canada and Britain, the support programme offers each village organisation a grant for a major project.

Some of these are spectacular.

Across a cliff face overlooking the narrow and rugged Upper Indus valley at Hanuchal village runs a groove along which flows water. To make it, farmers lowered themselves 600 feet from a tree at the cliff top and blasted the face with dynamite. The water brings life to new fields and plantations.

Sixty-five farmers took four years to build their 5km water channel, with a two-year interruption because of civil strife. "The people are poor but they work very hard," says their 59-year-old leader, Mohammed Abdullah, a poet and retired broadcaster.

The channel has multiplied the village's farmland by eight; Abdullah would like to extend it to 30km to a dry, flat plateau where the Indus and Gilgit rivers meet.

Further north at Sost, at the top of the Hunza valley, farmers guided by a 90-year-old veteran, Rahman Baig, have blasted a 1,300ft tunnel through the side of a ravine to take water to new land. They could work in the tunnel only ten minutes at a time because of the lack of oxygen.

People at another village are building a 40km road to the Karakoram highway. So far they have completed about 15km.

Apart from their major project, villagers undertake to save money regularly. These savings enable them to borrow from the support programme through their village organisations. "Credit from government banks," says a programme official, "reaches 5 per cent of households. We reach 35 per cent."

There are now 1,800 village organisations plus 740 women's organisations, with 100,000 members in all, and over £3m of savings. They have planted 13m trees for badly needed fuel.

The programme encourages them to appoint and pay village specialists in forestry, poultry and livestock. It has trained 12,000 specialists and managers including almost 5,000 women . Livestock, which spend the summer on high pastures and manure the farmland, are essential to local husbandry.

At Sost I saw women specialists from 21 villages listening to a lecture on poultry diseases during a five-day course given by support programme field co-ordinators. Households typically have ten to 50 hens, which helps pay school fees. The specialists vaccinate chickens whose owners pay up to a rupee (2p) for each.

The Aga Khan Rural Support Programme's successes have attracted imitators. It is already being copied elsewhere in Pakistan, in South Asia and even in Morocco.

Rubber pact's future remains in the balance

By Frances Williams in Geneva

Negotiations on a new price-stabilising rubber pact, due to end today, remained in the balance last night as delegates from 31 producing and consuming countries failed to eliminate their remaining differences.

The third round of United Nations-sponsored talks in Geneva, which began on February 6, has produced broad agreement on almost all the key issues, but some details have proved troublesome. Previous rubber pacts have all taken four rounds to finalise.

Producers have taken their demand for an increase in the central reference price off the table after securing a consensus in favour of lifting the lower indicative "floor" price from 150 to 157 Malaysian/Singapore cents a kilogram.

However, in return consumer countries have pressed for a special price review at the first meeting of the new pact's governing council. Producers have agreed to such a review in principle but want to limit the extent to which prices can be revised downwards.

Rubber prices soared to record levels in January, but suffered a futures-led correction this week. Current high prices are expected to trigger a 5 percentage point increase in the reference price when it comes up for a routine 15-month revision next August.

However, the new accord will not come into force until late next year.

The two sides are thought to have agreed on 12-monthly regular price reviews to take account of market volatility and are expected to settle for a four-year accord with a possible two-year extension.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1868-9	1906-8
Previous	1852-3	1894-5
High/low	1872.5	1923/1873
AM Official	1872.5-3	1912-3
Kerb close		1919-20
Open int.	227,945	
Total daily turnover	65,204	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1825-35	1860-80
Previous	1805-15	1850-55
High/low		1875
AM Official	1825-35	1870-5
Kerb close		1860-80
Open int.	2,746	
Total daily turnover	503	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	572-3	590-1
Previous	564-5	583-4
High/low		596/575
AM Official	572.5-3.5	590-0.5
Kerb close		595-6
Open int.	38,090	
Total daily turnover	7,303	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	8300-10	8440-50
Previous	8270-80	8420-5
High/low	8360/8370	8515/8210
AM Official	8370-80	8495-505
Kerb close		8475-80
Open int.	55,942	
Total daily turnover	15,346	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5300-10	5390-400
Previous	5320-30	5410-20
High/low		5420/5320
AM Official	5320-30	5415-20
Kerb close		5410-20
Open int.	20,834	
Total daily turnover	8,179	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1009-11	1033-35
Previous	994-5	1020-1
High/low	1016/1015	1039/1016
AM Official	1013-4	1037-7.5
Kerb close		1036-7
Open int.	101,681	
Total daily turnover	23,803	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2886.5-7.5	2878-9
Previous	2886-7	2874-5
High/low	2902/2900	2890/2865
AM Official	2900-1	2888-9
Kerb close		2883-4
Open int.	236,895	
Total daily turnover	58,295	

■ LME AM Official £/$ rate: 1.5718

LME Closing £/$ rate: 1.5765

Spot:1.5769 3 mths:1.5752 6 mths:1.5731 9 mths:1.5704

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Feb	136.00	+1.80	136.00	133.50	1,415	113
Mar	134.80	+1.15	135.40	133.55	22,424	4888
Apr	132.85	+1.15	134.10	133.50	1,336	127
May	131.10	+1.15	132.20	130.40	12,316	2,176
Jun	129.50	+1.15	129.40	129.00	574	72
Jul	127.60	+1.05	128.20	127.00	4,179	158
Total					50,482	7,802

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	376.90-377.30		
Opening	376.00-376.40		
Morning fix	376.10	238.829	477.910
Afternoon fix	376.75	239.178	475.082
Day's High	377.00-377.30		
Day's Low	375.90-376.30		
Previous close	376.20-376.60		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.83	6 months	5.40
2 months	4.93	12 months	5.87
3 months	5.00		

Silver Fix	p/troy oz.	US cts equiv.
Spot	301.00	473.50
3 months	305.95	480.20
6 months	310.75	487.55
1 year	323.35	505.40

Gold Coins	$ price	£ equiv.
Krugerrand	377-380	242-245
Maple Leaf	387.70-390.15	-
New Sovereign	87-90	56-59

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Feb	376.6	-	377.1	376.6	375	188
Mar	377.2	-	-	-	22	32
Apr	378.6	-	379.5	378.5	73,189	24,100
Jun	381.8	-0.1	382.9	381.7	29,333	707
Aug	385.7	-0.1	-	-	15,985	130
Oct	389.6	-0.1	-	-	4,892	150
Total					173,731	27,687

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Apr	418.3	+2.4	417.5	413.5	16,469	626
Jul	420.2	+2.6	420.0	419.3	5,095	390
Oct	424.5	+2.6	-	-	1,160	1
Jan	428.5	+2.6	-	-	305	26
Total					23,029	1,156

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Mar	157.30	-0.40	158.00	156.75	2,948	626
Jun	159.50	-0.40	160.30	159.50	4,246	390
Sep	160.90	-0.40	-	-	426	1
Dec	162.20	-0.40	-	-	53	26
Total					7,673	1,017

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Feb	471.8	-0.1	-	-	50	50
Mar	472.5	-0.2	476.0	471.5	55,905	19,152
Apr	474.9	-0.2	-	-	-	-
May	477.7	-0.2	481.5	476.5	26,644	3,202
Jul	483.0	-0.3	486.5	482.5	12,576	1,567
Sep	486.5	-0.4	-	-	10,892	39
Total					142,673	24,065

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Mar	18.48	+0.04	18.47	18.29	42,067	37,342
Apr	18.37	+0.03	18.38	18.24	87,726	47,337
May	18.22	+0.03	18.23	18.11	45,713	16,431
Jun	18.09	+0.01	18.10	18.02	36,448	8,219
Jul	18.02	+0.04	18.02	17.95	17,756	2,011
Aug	17.93	-	-	-	12,365	876
Total					385,882	128,918

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	16.82	+0.06	16.84	16.72	77,880	17,083
May	16.68	+0.07	16.69	16.60	21,792	4,800
Jun	16.66	+0.10	16.66	16.56	14,048	1,280
Jul	16.59	+0.11	16.59	16.50	9,876	818
Aug	16.50	+0.10	16.53	16.47	4,707	341
Sep	16.48	+0.10	16.50	16.47	2,308	59
Total					147,829	21,549

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Mar	46.85	-0.04	46.90	46.40	29,680	15,592
Apr	47.00	-0.02	47.05	46.50	20,769	9,119
May	47.15	+0.03	47.15	46.80	13,261	5,719
Jun	47.25	+0.08	47.30	46.75	9,249	1,316
Jul	47.55	+0.03	47.60	47.20	8,101	1,045
Aug	48.20	+0.13	48.20	48.20	4,152	273
Total					118,616	36,186

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	143.00	-0.50	143.75	142.00	45,030	9,463
Apr	144.75	-0.50	145.50	144.00	19,593	4,156
May	145.25	-0.25	146.50	144.50	7,584	2,087
Jun	145.75	-0.25	146.00	145.00	9,325	830
Jul	147.25	-0.25	147.25	146.50	2,807	408
Aug	148.75	-0.75	148.75	148.50	1,581	172
Total					95,416	18,147

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Mar	1.380	-0.006	1.395	1.360	21,722	12,409
Apr	1.380	-0.003	1.393	1.380	23,081	6,539
May	1.445	-0.003	1.445	1.430	13,070	2,585
Jun	1.510	-	1.515	1.505	12,218	547
Jul	1.570	+0.007	1.570	1.560	12,125	706
Aug	1.590	+0.012	1.600	1.590	10,836	587
Total					159,394	28,346

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Mar	56.80	+0.58	56.95	56.65	18,640	7,503
Apr	58.55	+0.42	58.75	57.75	20,378	5,656
May	57.65	+0.27	57.65	56.95	16,449	3,887
Jun	56.70	-0.06	56.85	56.60	4,553	904
Jul	56.10	+0.09	56.15	55.95	2,660	97
Aug	55.60	+0.29	55.60	55.60	1,320	278
Total					68,751	18,640

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	108.20	-0.15	108.35	108.05	926	28
May	108.50	-0.10	108.70	108.30	1,989	65
Jul	110.70	-0.05	110.85	110.85	343	10
Sep	98.45	+0.05	98.50	98.50	178	7
Nov	99.40	-0.10	99.60	99.35	1,939	30
Jan	101.15	-0.35	101.50	101.30	349	12
Total					5,855	177

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	366/6	+0/4	367/6	363/4	28,799	10,390
May	359/4	-1/0	360/6	357/0	16,850	3,917
Jul	337/4	+0/2	339/6	336/0	21,875	3,078
Sep	342/2	+0/6	343/6	341/0	1,654	34
Dec	353/0	+1/2	353/4	351/0	1,366	324
Mar	356/0	-	-	-	22	4
Total					70,667	17,747

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	233/2	-1/0	233/6	233/0	74,183	15,471
May	241/0	-1/0	241/6	240/6	80,329	10,694
Jul	247/2	-1/0	247/6	247/0	76,395	8,098
Sep	252/4	-0/4	253/0	252/0	12,688	1,140
Dec	257/6	-0/2	258/0	257/0	61,800	10,953
Mar	264/0	-	264/0	263/2	8,474	574
Total					317,585	47,588

■ BARLEY LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	102.40	+0.05	-	-	279	-
May	103.40	+0.15	-	-	99	-
Sep	98.85	-0.15	-	-	102	-
Nov	98.85	-0.30	99.00	99.00	289	20
Jan	100.40	-0.10	100.25	100.25	39	2
Mar	101.85	-0.60	-	-	-	-
Total					808	22

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	558/4	-1/4	557/0	555/2	43,249	16,951
May	568/4	-1/4	566/6	565/0	34,977	8,528
Jul	574/2	-1/0	574/4	572/2	32,045	3,617
Aug	577/0	-1/2	577/4	575/6	4,084	321
Sep	579/2	-0/4	579/2	577/6	2,535	552
Nov	586/2	-1/0	586/4	585/0	18,352	1,658
Total					137,377	31,882

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	27.78	-0.10	27.79	27.45	29,333	6,791
May	26.80	-0.19	26.84	26.57	31,702	12,177
Jul	26.28	-0.19	26.35	26.05	18,812	4,843
Aug	25.98	-0.16	25.98	25.72	5,704	1,494
Sep	25.75	-0.07	25.75	25.50	4,861	918
Oct	25.46	-0.06	25.47	25.25	8,570	264
Total					108,910	27,189

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	153.1	-0.3	153.8	152.9	28,299	7,117
May	157.2	-0.2	157.6	157.0	26,844	5,128
Jul	161.7	-	162.0	161.5	19,367	1,963
Aug	163.7	-	164.0	163.6	6,880	444
Sep	165.7	-	165.9	165.5	4,161	961
Oct	167.6	+0.2	167.8	167.3	8,116	176
Total					102,154	18,141

■ POTATOES LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	391.5	-	-	-	-	-
Apr	278.5	+8.5	284.0	276.0	785	125
May	304.0	+4.0	-	-	54	-
Jun	250.0	-	-	-	-	-
Total					849	125

■ FREIGHT (BIFFEX) LCE ($10/index point)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	1980	+34	1980	1950	318	8
Mar	1975	+43	2010	1930	302	49
Apr	1980	+45	2010	1950	1,476	88
Jul	1751	+41	1751	1740	673	12
Oct	1750	+40	-	-	743	-
Jan	1743	+18	-	-	108	-
Total					3,620	165

	Close	Prev
BFI	1983	1981

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	1036	-6	1045	1034	28,978	1,718
May	1026	-5	1035	1025	24,778	3,129
Jul	1033	-6	1042	1035	11,456	446
Sep	1042	-5	1050	1042	12,127	843
Dec	1045	-6	1053	1043	13,519	1,675
Mar	1054	-7	1062	1054	13,649	210
Total					113,835	8,126

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	1394	-7	1415	1385	1,187	235
May	1413	-8	1441	1410	39,006	4,494
Jul	1435	-3	1452	1429	12,484	634
Sep	1452	-3	1466	1460	4,745	276
Dec	1455	-15	1478	1455	5,141	295
Mar	1480	-8	1494	1480	6,521	10
Total					78,811	6,213

■ COCOA (ICCO) (SDR's/tonne)

Feb. 15	Price	Prev. day
Daily	1033.72	1038.61

■ COFFEE LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	2940	+26	2950	2890	6,719	1,457
May	2887	+38	2888	2825	11,687	3,298
Jul	2819	+26	2822	2766	4,399	849
Sep	2788	+20	2785	2740	3,697	340
Nov	2765	+12	2770	2740	1,144	26
Jan	2755	+7	-	-	162	-
Total					27,793	5,970

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	162.85	-2.40	166.70	162.00	6,936	4,897
May	163.30	-3.65	168.00	162.25	14,856	4,285
Jul	164.20	-3.85	168.90	163.25	6,013	1,048
Sep	164.10	-4.40	169.75	164.00	3,991	709
Dec	163.50	-4.75	168.75	163.50	3,663	219
Mar	162.75	-4.50	167.00	167.00	403	32
Total					35,744	11,200

■ COFFEE (ICO) (US cents/pound)

Feb. 15	Price	Prev. day
Comp. daily	153.32	152.46
15 day average	147.41	147.28

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	14.88	+0.20	-	-	925	-
May	14.88	+0.19	-	-	860	-
Jul	13.80	-	-	-	2,300	-
Oct	13.20	-	-	-	-	-
Jan	13.20	-	-	-	-	-
Total					6,085	-

■ WHITE SUGAR LCE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	397.60	+2.20	398.0	395.2	9,257	496
Aug	380.30	+2.00	380.5	378.0	6,541	395
Oct	350.00	+0.50	350.5	350.2	2,274	61
Dec	343.60	+0.30	-	-	217	-
Mar	340.30	+0.20	-	-	596	-
May	339.30	+0.20	340.0	340.0	110	100
Total					19,602	1,672

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	14.58	+0.18	14.60	14.46	34,253	7,215
May	14.44	+0.17	14.48	14.36	52,012	8,803
Jul	13.58	+0.09	13.60	13.53	33,902	2,314
Oct	12.98	+0.05	12.98	12.92	34,219	2,207
Mar	12.47	+0.07	12.50	12.47	9,980	836
May	12.37	+0.06	12.37	12.37	2,456	-
Total					169,669	21,475

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	95.95	+0.99	96.00	95.00	9,242	5,079
May	95.23	+1.94	95.29	93.50	23,770	6,736
Jul	92.43	+2.00	92.43	90.82	15,202	2,028
Sep	81.65	+1.35	81.70	80.60	4,889	579
Nov	75.64	+0.74	75.70	74.92	17,818	1,983
Jan	76.50	+0.66	76.55	75.90	2,098	184
Total					73,188	18,808

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	103.40	-0.59	103.80	103.20	10,384	8
May	107.65	-0.05	108.00	107.25	6,696	523
Jul	111.50	+0.05	111.80	111.00	1,944	74
Sep	115.00	-0.25	115.50	115.00	2,721	188
Nov	113.95	-0.05	114.00	113.80	2,051	10
Jan	115.20	-0.10	115.20	115.00	1,054	70
Total					25,918	873

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	74.950	+0.125	75.050	74.775	4,874	2,487
Apr	73.775	+0.075	74.050	73.550	44,858	8,464
Jun	67.025	-0.050	67.400	66.950	18,913	1,637
Aug	64.300	-	64.525	64.250	6,490	496
Oct	65.250	+0.050	65.475	65.150	1,260	164
Dec	66.175	+0.025	66.400	66.075	988	142
Total					78,813	13,824

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	39.525	+0.125	39.575	39.250	1,472	774
Apr	38.275	-0.025	38.500	38.100	14,056	3,893
Jun	44.100	-0.225	44.400	43.950	7,343	1,111
Aug	43.225	-0.150	43.400	43.150	1,897	131
Oct	40.425	-0.100	40.550	40.300	2,476	144
Dec	41.375	-0.075	41.375	41.200	2,297	139
Total					30,476	6,223

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	42.250	-0.025	42.550	41.700	747	111
Mar	41.725	-0.025	41.975	41.375	3,368	1,910
May	42.325	-0.275	42.750	42.075	3,388	1,107
Jul	42.475	-0.375	42.950	42.325	1,491	182
Aug	39.900	-0.250	40.400	39.800	414	37
Feb	50.950	-0.300	50.950	50.000	61	1
Total					9,478	3,328

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Apr	Jul	Apr	Jul
1800	149	206	41	74
1900	91	151	82	116
2000	51	107	141	170
■ COPPER (Grade A) LME	Apr	Jul	Apr	Jul
2700	-	186	-	69
2800	147	131	38	111
2900	88	88	78	169
■ COFFEE LCE	Mar	May	Mar	May
2700	282	310	95	191
2750	251	284	114	215
2800	222	260	135	241
■ COCOA LCE	Mar	May	Mar	May
1025	49	71	48	63
1050	39	60	63	77
1075	30	51	79	93
■ BRENT CRUDE IPE	Apr	Jul	Apr	Jul
1650	53	101	18	66
1700	25	74	41	94
1750	8	52	76	129

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Apr)		+or-
Dubai	$16.43-6.50z	+0.055
Brent Blend (dated)	$17.14-7.16	+0.135
Brent Blend (Apr)	$16.83-6.85	+0.055
W.T.I. (1pm est)	$18.37-8.38z	+0.045
■ OIL PRODUCTS NWE prompt delivery CIF (tonne)		
Premium Gasoline	$171-173	
Gas Oil	$145-146	-2
Heavy Fuel Oil	$103-105	
Naphtha	$168-169	
Jet fuel	$163-164	-0.5
Diesel	$149-151	-0.5

Petroleum Argus. Tel. London (071) 359 8792

■ OTHER		
Gold (per troy oz)♣	$377.10	+0.70
Silver (per troy oz)♣	475.5c	-3.0
Platinum (per troy oz.)	$413.10	-0.90
Palladium (per troy oz.)	$156.75	-0.75
Copper (US prod.)	139.0c	-1.0
Lead (US prod.)	41.75c	
Tin (Kuala Lumpur)	13.59m	-0.31
Tin (New York)	252.50c	+3.0
Cattle (live weight)†	120.04p	+0.52*
Sheep (live weight)†♦	120.72p	+2.44*
Pigs (live weight)	83.02p	-3.16*
Lon. day sugar (raw)	$352.5	-2.6
Lon. day sugar (wte)	$400.0	
Tate & Lyle export	£340.0	-2.0
Barley (Eng. feed)	£110.0	
Maize (US No3 Yellow)	£141.0	
Wheat (US Dark North)	£165.0	
Rubber (Mar)♥	112.0p	-3.0
Rubber (Apr)♥	112.0p	-3.0
Rubber (KL RSS No1)	450.0m	-5.5
Coconut Oil (Phil)§	$845.0y	-15.0
Palm Oil (Malay.)§	$665.0t	-17.5
Copra (Phil)§	$425.0y	-10.0
Soyabeans (US)	£168.0q	
Cotton Outlook'A' Index	101.05c	+0.20
Wooltops (64s Super)	512p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. z Apr. t Mar. y Mar/Apr. q Feb/Apr ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♦ Sheep (Live weight prices). * Change on week © Prices are for previous day.

Wool
Most wool prices are at new peaks, with some categories well above the previous seasonal high point in September 1994. At that time finer merinos were particularly dear, whereas now the qualities in strongest demand are middle merinos and crossbreds. China is indicated as the principal buyer in Australia and New Zealand this week. China was also active in Bradford, causing price increases there. World wool availability meanwhile is limited to seasonal reasons, as a result of drought and as an aftermath of reduced production following severe recession. Stockpile sales in Australia are by fixed schedule and demand has absorbed the quota for some five to six months ahead. The Eastern market indicator closed at 836c/kg in Australia, a new peak for the season, 28c higher than a week before. The New Zealand indicator was 27c higher at 582c/kg.

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Feb 16	Feb 15	month ago	year ago
2258.5	2260.5	2282.7	1786.8

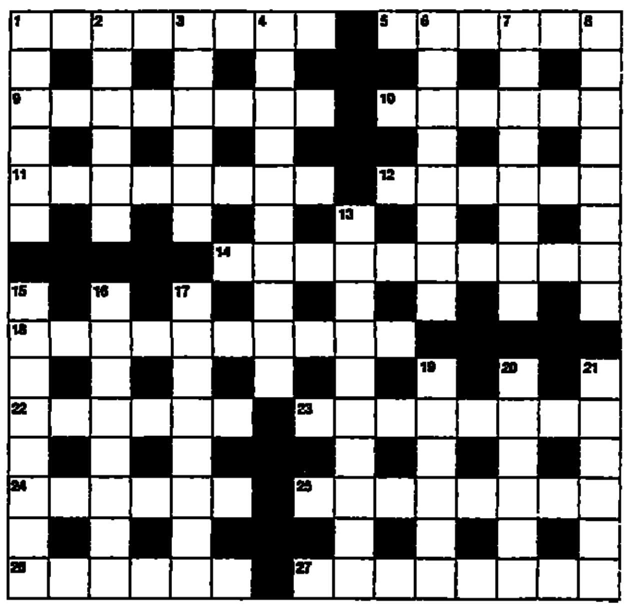
■ CRB Futures (Base: 1967=100)

Feb 16	Feb 14	month ago	year ago
234.36	234.82	236.84	227.08

JOTTER PAD

CROSSWORD

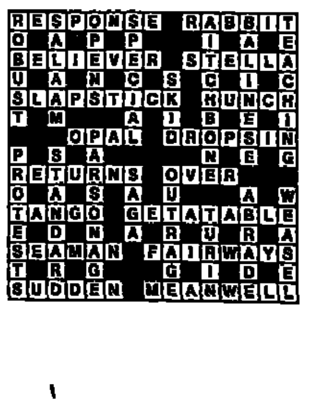
No.8,689 Set by DANTE



ACROSS
1 Government leader in Arab state made to leave home (8)
5 It's not certain the doctor will come in the storm (6)
9 Had something in mind (8)
10 Climbs and balances (6)
11 Having had a rise, a man goes on holiday (8)
12 Provide company car (6)
14 Idolater is disposed to find leaders (10)
18 A defender who is prepared to shoot, if need be (5,5)
22 Relation puts us in the money (6)
23 His word is law at a court perhaps (8)
24 Type of engine one finds in Leeds broken dawn (6)
25 Timetable for education in a German school (8)
26 Dislike of French cricket (6)
27 Clear, the actors are, from the pit (4-4)

DOWN
1 Stay over with the French in order to eat (6)
2 Prophet is first-class, given a head start (6)
3 Was abusive, yet guarded? (6)
4 Turned some out? Great! (10)
6 They charge a county council with devious ruses (8)
7 Ointment said to be used by the Royal Family (6)
8 Stewing steak, say, is a simple job (4,4)
13 Hunt for a drink? Just the opposite (7-3)
15 Sounder, when boxed in, took the plunge (8)
16 Being saucy I am put outside the room (8)
17 Extreme irritation? (6)
19 August variety of lemons (6)
20 It's a shock to find gold in a new market (6)
21 Confirm where cricket fans may be found (6)

Solution 8,688



US long bond falls as dollar slides further

By Lisa Bransten in New York and Graham Bowley in London

US Treasury prices were mixed yesterday morning as uncertain economic signals and a declining dollar held sway over the market.

At midday the benchmark 30-year Treasury was down $\frac{1}{32}$ at 100$\frac{7}{16}$ to yield 7.577 per cent. At the short end of the market, the two-year note rose $\frac{1}{32}$ to 100$\frac{22}{32}$ to yield 7.044 per cent.

Early in the morning bonds edged up modestly across the maturity spectrum after economic data showed a sharp decline in housing starts and an increase in initial unemployment claims. The number of private homes begun in January fell 9.8 per cent from December's figure, the Commerce department reported.

Meanwhile, the number of people seeking unemployment benefit for the first time grew by 20,000 last week.

But the long bond proved unable to stay in positive territory as the dollar continued its slide against the Japanese yen and the D-Mark, and more economic data reignited concerns about the strength of the economy.

By late morning the dollar had dropped nearly a full yen, to Y97.36 from Y98.35 late Wednesday, and to DM1.4881 from DM1.5095. A falling currency is bad for the bond market because it deters foreigners from investing in US securities.

A survey published by the Federal Reserve Bank of Philadelphia gave a mixed reading of economic activity. The overall index of business activity edged up to 11.9 per cent for February from 10.4 per cent in January, but there was a substantial decline in the important "prices paid" sub-index, which dropped to 46.2 per cent from 55.0 per cent in January.

GOVERNMENT BONDS

■ Canadian government bonds fell sharply on the announcement by Moody's that it was reviewing the country's foreign and domestic debt ratings. Yields on 10-year issues rose 15 basis points to about 8.97 per cent.

■ The strength of the D-Mark on the foreign exchanges weakened most European government bond markets.

The yield spread on German government bonds below US Treasuries fell to 12 basis points from 30 basis points at the beginning of the week, as the US continued to outperform Europe.

"Many are looking for that spread to move to parity, reflecting the view that the US is slowing just as Germany picks up speed," said Mr Julian Callow, at Kleinwort Benson in London.

■ Yield spreads over bunds widened across most of Europe, particularly in two-year maturities.

Italian government bonds were hit hard as the lira moved to new lows against the D-Mark. The Italian March futures contract on Liffe fell by 0.63 point to 99.51. The spread over bunds widened to 500 basis points from 493 basis points at the opening.

Spanish government bonds also suffered with Spanish futures down 0.60 point at 85.25 in late trading.

■ German government bonds ended slightly down in largely technical trading, in spite of GDP data showing signs of economic strength.

The March bund future on Liffe traded lower after failing to break resistance levels at 90.92. But it found support at 90.69 and in late trading was down 0.06 point, at 90.70.

D-Mark strength helped the short-end of the yield curve, with the two to 10-year spread steepening further to 114 basis points from 108 on Wednesday.

■ UK gilts eased slightly with the long gilt future on Liffe down $\frac{1}{32}$ at 101$\frac{22}{32}$ in late trading.

"There is a reluctance on the part of investors to buy gilts aggressively because of worries about inflation and politics," said one trader.

Data on the public sector borrowing requirement in January helped prices, analysts said. "It suggests that the government will undershoot its borrowing target this year," said one dealer.

The spread over bunds widened slightly to 140 basis points.

■ France followed Germany lower, with the spread over bunds maintained at around 57 basis points.

A weak franc and corruption allegations also weighed on prices, dealers said.

The auction of 19.75bn of two- and five-year BTANs was successful, with a bid-to-cover ratio of 3.41 and 2.59 respectively.

■ Swedish government bonds fell with the spread over bunds moving as high as 335 basis points before settling at around 331 basis points, 4 basis points up on the day.

Canada's debt under review for downgrade

By Martin Brice in London and Bernard Simon in Toronto

Moody's, the US credit rating agency, yesterday put Canada's foreign and domestic debt under review for possible downgrade.

Canada was the 18th largest issuer of international bonds last year, with issues totalling US$4bn, according to Euromoney Bondware.

The review affects the Aa1 foreign currency debt rating and the Aaa rating of Canadian-dollar denominated obligations of the government and several Canadian Crown corporations.

Moody's said it was concerned about the medium-term deficit outlook "once the next inevitable economic downturn occurs".

The news surprised analysts, who had expected the credit rating agencies to wait until after the federal budget, due to be tabled by Mr Paul Martin, finance minister, within three weeks.

However, one eurobond syndicate official said yesterday: "Sentiment towards Canada has been negative for some time, and certainly since the Mexican crisis. The bond markets have been looking at problems north of the US borders, as well as south. Prices of Canada's eurobonds have already built in something defensive. It is very rare for for the rating agencies to be ahead of the bond traders."

Mr Martin has staked his credibility on reducing the federal budget deficit from an estimated C$39.7bn in the fiscal year to March 31, to about C$25bn, or 3 per cent of gross domestic product, in 1996-97.

Mr Martin yesterday expressed surprise at Moody's review. He said that the outlook for Canada's economy was fundamentally "positive".

Syndicated loans surged to record in 1994, says BIS

By Richard Lapper

Arrangements of syndicated loans and drawings under euronote programmes surged to record levels in 1994 as borrowers adapted to difficult conditions on international bond markets.

According to the Bank of International Settlements' latest quarterly report on financial market trends*, the unsettled interest rate environment and the reduction in lending spreads led many borrowers to prefer bank loans over bonds.

Syndicated credit facilities announced in the fourth quarter amounted to $72.8bn, the highest quarterly figure since the second quarter of 1992, and totalled $250.4bn for the full year. Also in the final quarter the average value of spreads over Libor for dollar credits declined further and the average maturity of loans increased from four to 5.1 years.

The report also points out that a growing number of institutional investors, such as life assurance companies and pension funds, have participated in underwriting syndicated loans. It said many have been attracted by the introduction of clauses protecting them from early-redemption options.

Activity in the euronote market also continued at a brisk pace, with net issues of $27.5bn in the fourth quarter and $139.6bn over the year as whole (compared with $73.2bn in 1993), although issuance of short-term paper declined in the fourth quarter.

Sentiment in the international bond market improved early in the quarter but was checked following the bankruptcy of Orange County in California and the financial crisis in Mexico in December.

Although gross issuance fell to $385.7bn from $449.9bn in 1993, a decline in the number of redemptions led to an increase in net issuance to $167.9bn, compared with $130.5bn in 1993.

Gross issuance of floating-rate notes rose to $78.7bn (from $58.5bn). Gross issuance in yen increased to $72.4bn (from $55bn), reflecting the strong liquidity position of Japanese investors and the impact of earlier liberalisation of the euroyen market, but declined in other currencies.

**International Banking and Financial Market Developments, Bank for International Settlements, Basle.*

Stock options for Hong Kong

By Louise Lucas in Hong Kong

The Futures Exchange of Hong Kong is to launch trading in stock futures on March 31. The date was set yesterday, three days after the stock exchange reiterated its pledge to introduce stock options.

The planned introduction of futures contracts on two of the colony's biggest stocks, HSBC Holdings and Hong Kong Telecommunications, has been controversial. Confrontation with the stock exchange, which was given less than 24 hours' notice of the move, was followed by attacks from legislative councillors and concerns over investor protection.

Mr Leong Ka-chai, chairman of the futures exchange, insisted that now was the right time to launch the products. The introduction of stock futures "testifies to Hong Kong's progress as an international financial centre", he said.

EIB launches deals in two currencies

By Martin Brice

Issuance in dollars remained on hold yesterday as investors and borrowers waited for the end of a run of US data.

Spain is said to be planning a 10-year Y150bn deal, which could appear next week. The Kingdom was believed to be taking bids from houses yesterday.

The European Investment Bank made two appearances in the eurobond market yesterday. It raised FFr750m with a 10-year step-up bond callable at three years. The deal carried a coupon of 7.66 per cent for three years, and 8.85 per cent after that. Joint bookrunners were J.P. Morgan and BNP, which said it had large orders lined up for the bonds. "This was an investor-driven deal", said a BNP syndicate official.

The EIB's other deal was for Pta15bn, with a five-year bond carrying an 11.25 per cent coupon brought through Banco de Negocios Argentaria.

The Province of Quebec brought its first yen transaction aimed at retail investors when it raised Y30bn with a three-year deal carrying a coupon of 3.55 per cent. This was the first time a public transaction for Quebec had been handled by Yamaichi, which said the bonds were targeted at Japanese retail investors who were facing redemption of bank instruments known as "super time deposits".

Yamaichi and one subsidiary sold the bonds, and Yamaichi said Canada being placed under review by Moody's had not affected sales. Syndicates believed much of the effect of the review was already in the price of existing Canadian bonds, although some officials expected a widening of spreads today.

Bradford and Bingley Building Society raised £100m with a six-year floating-rate note callable after five years. The bonds carried a coupon of three-month Libor plus ⅛ and were brought through CSFB.

CSFB said the deal was trading at 99.80, within fees.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
YEN							
Province of Quebec★	30bn	3.55	99.99	Mar.1998	0.35	-	Yamaichi Intl.(Europe)
Heller Financial(a)★	10bn	4.50	100.40R	Jun.2000	0.30R	-	Merrill Lynch International
STERLING							
Bradford & Bingley B/S(b)‡	100	(b1)	99.88R	Mar.2001	0.15R	-	CS First Boston
FRENCH FRANCS							
European Investment Bank(c)	750	(c1)	100.00R	Mar.2005	0.325R	-	BNP/ JP Morgan & Co.
SWISS FRANCS							
Nisseki House Ind.Co.(d)★§	110	2.00#	100.00	Mar.1999	1.625	-	J.Henry Schroder Bank
LUXEMBOURG FRANCS							
Bank Anhyp Luxembourg(e)	2bn	8.00	102.80	Aug.2000	1.875	-	BCEE
Rabobank Nederland	3bn	zero	63.65	Jul.2001	1.375	-	BGL
PESETAS							
European Investment Bank	15bn	11.25	101.21	Mar.2000	1.625	-	Bco. de Negocios Argentaria

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ★Unlisted. §Convertible. ‡ Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Short 1st coupon. b) Callable on any coupon date from Mar.2000 at par. b1) 3-mth Libor +⅛%. c) Callable on 15/3/98 at par. c1) 7.66% to 15/3/98 and 8.85% thereafter. d) Pricing: 22/2/95. Puttable on 30/9/97 at 107⅞%. Callable on 30/9/97 at 107⅞% declining as thereafter. Callable from 30/3/95 subject to 150% hurdle. e) Long 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	93.1100	+0.240	10.14	10.16	7.79
Austria		7.500	01/05	99.0200	+0.270	7.64	7.61	7.70
Belgium		7.750	10/04	96.3500	-0.150	8.30	8.22	8.54
Canada *		9.000	12/04	100.2500	-0.850	8.96	8.93	9.28
Denmark		7.000	12/04	88.0000	+0.050	8.88	8.83	9.15
France	BTAN	8.000	05/98	101.0900	+0.050	7.59	7.60	7.27
	OAT	7.500	04/05	96.5300	-0.280	8.00	7.95	8.38
Germany Bund		7.375	01/05	99.7300	-0.270	7.41	7.36	7.72
Ireland		6.250	10/04	83.4500	-0.280	8.79†	8.79	8.78
Italy		9.500	01/05	85.7400	-0.230	12.00	11.85	11.60
Japan	No 119	4.800	06/99	103.6840	+0.040	3.83	3.93	3.95
	No 164	4.100	12/03	97.0130	+0.090	4.58	4.64	4.72
Netherlands		7.250	10/04	98.0500	-0.100	7.53	7.52	7.85
Portugal		8.875	01/04	84.0000	-1.000	11.65	11.65	11.63
Spain		10.000	02/05	90.7900	-0.630	11.58	11.49	12.05
Sweden		6.000	02/05	71.9250	-0.190	10.72	10.66	11.06
UK Gilts		6.000	08/99	90-26	-4/32	8.52	8.44	8.66
		8.500	12/05	99-04	-10/32	8.62	8.48	8.73
		9.000	10/08	103-06	-8/32	8.60	8.47	8.69
US Treasury *		7.500	02/05	100-18	-7/32	7.42	7.54	7.90
		7.625	02/25	100-15	-17/32	7.58	7.68	7.90
ECU (French Govt)		6.000	04/04	84.8200	-0.290	8.44	8.36	8.78

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

Prime rate	9
Broker loan rate	6½
Fed.funds	5$\frac{15}{16}$
Fed.funds at intervention	-

Treasury Bills and Bond Yields

One month	5.70	Two year	7.04
Two month	6.00	Three year	7.19
Three month	5.88	Five year	7.31
Six month	6.27	10-year	7.40
One year	6.60	30-year	7.58

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	112.20	111.92	-0.14	112.30	111.90	179,486	150,812
Jun	111.32	111.04	-0.14	111.42	111.04	3,333	13,444
Sep	110.62	110.34	-0.14	110.64	110.32	300	3,386

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
111	1.00	1.35	-	0.08	1.27	-
112	0.33	0.91	-	0.37	1.83	-
113	0.06	0.54	-	1.12	-	-
114	0.01	0.31	0.47	-	-	-
115	-	0.15	-	-	-	-

Est. vol. total, Calls 14,857 Puts 23,853. Previous day's open int., Calls 201,663 Puts 210,361.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	90.80	90.65	-0.15	90.92	90.55	162304	214300
Jun	90.27	90.12	-0.12	90.33	90.07	7023	15265

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Mar	Calls Apr	Calls May	Calls Jun	Puts Mar	Puts Apr	Puts May	Puts Jun
9050	0.31	0.43	0.64	0.81	0.16	0.81	1.02	1.19
9100	0.10	0.27	0.45	0.61	0.45	1.15	1.33	1.49
9150	0.03	0.16	0.31	0.45	0.88	1.54	1.69	1.88

Est. vol. total, Calls 16194 Puts 7349. Previous day's open int., Calls 224678 Puts 176064

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	100.00	99.47	-0.67	100.05	99.36	45896	53475
Jun	98.90	98.42	-0.67	98.90	98.38	513	2866

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
9900	0.63	1.51	0.16	2.09
9950	0.33	1.28	0.36	2.35
10000	0.13	1.07	0.65	2.65

Est. vol. total, Calls 2868 Puts 1108. Previous day's open int., Calls 33601 Puts 30604

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	85.78	85.25	-0.60	85.85	85.24	68,036	51,122
Jun	85.13	84.33	-0.14	85.13	85.13	586	1,108

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	101-29	101-21	-0-06	102-01	101-14	65390	93160
Jun	101-28	101-25	-0-05	101-28	101-23	162	2752

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Apr	Calls May	Calls Jun	Puts Mar	Puts Apr	Puts May	Puts Jun
101	0-51	1-27	1-50	2-06	0-09	0-41	1-00	1-22
102	0-13	0-58	1-18	1-36	0-35	1-08	1-29	1-50
103	0-02	0-30	0-52	1-07	1-24	1-44	2-02	2-21

Est. vol. total, Calls 2260 Puts 4425. Previous day's open int., Calls 47690 Puts 60486

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	82.22	81.94	-0.10	82.24	81.88	3,762	6,186
Jun	82.00	81.72	-0.10	82.00	82.00	50	1,659

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	102-22	102-25	-0-03	103-05	102-15	828,304	335,079
Jun	102-09	102-09	-0-03	102-21	102-00	11,282	46,228
Sep	101-30	101-27	-0-05	102-08	101-21	171	8,462

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	109.08			109.19	109.08	781	0
Jun	108.40			108.47	108.39	2815	0

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thur Feb 16	Day's change %	Wed Feb 15	Accrued interest	xd adj. ytd
1 Up to 5 years (23)	119.31	+0.07	119.22	2.01	1.40
2 5-15 years (22)	139.46	+0.01	139.65	1.82	1.93
3 Over 15 years (9)	155.34	+0.04	155.29	1.27	2.96
4 Irredeemables (6)	179.04	+0.67	177.85	3.12	0.00
5 All stocks (60)	136.51	+0.04	136.56	1.83	1.91
Index-linked					
6 Up to 5 years (2)	188.67	-0.01	188.69	0.48	1.45
7 Over 5 years (11)	173.96	+0.01	173.96	0.63	0.60
8 All stocks (13)	174.60	+0.01	174.58	0.61	0.66

	Low coupon yield Feb 16	Feb 15	Yr. ago	Medium coupon yield Feb 16	Feb 15	Yr. ago	High coupon yield Feb 16	Feb 15	Yr. ago
5 yrs	8.55	8.57	5.89	8.60	8.60	6.13	8.75	8.76	6.23
15 yrs	8.50	8.50	6.70	8.61	8.61	6.79	8.82	8.82	6.97
20 yrs	8.46	8.47	6.80	8.61	8.61	6.80	8.73	8.73	6.99
Irred.†	8.50	8.56	6.87						

	Inflation 5% Feb 16	Feb 15	Yr. ago	Inflation 10% Feb 16	Feb 15	Yr. ago
Up to 5 yrs	3.68	3.66	2.15	2.26	2.24	1.21
Over 5 yrs	3.88	3.88	3.05	3.68	3.68	2.88

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Feb 16	Feb 15	Feb 14	Feb 13	Feb 10	Yr ago	High*	Low*
Govt. Secs. (UK)	91.10	91.07	90.66	90.71	91.23	104.44	107.04	89.54
Fixed Interest	109.82	109.61	109.92	110.14	110.45	128.33	133.87	106.50

* for 1994/5. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Feb 15	Feb 14	Feb 13	Feb 10	Feb 9
Gilt Edged bargains	157.1	195.3	92.2	88.1	90.4
5-day average	124.6	112.8	93.0	90.9	92.3

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1994/95 High	1994/95 Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Other Fixed Interest

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on February 16

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	90½	90¾		8.12
Alberta Province 7⅝ 98	1000	99⅝	99¾	+⅛	7.73
Austria 8½ 00	400	103⅛	103⅜		7.71
Bank Ned Gemeenten 7 99	1000	97¾	97⅞	+⅛	7.59
Bank of Tokyo 8⅝ 98	100	100⅞	101⅛		7.50
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
United Kingdom 7⅛ 97	5500	101½	101⅝		6.48
Volkswagen Intl Fin 7 03	1000	94⅞	95⅜		7.86
World Bank 0 15	2000	22⅝	23¼	-⅛	7.45
World Bank 5⅞ 03	3000	89½	89½		7.55
World Bank 8¼ 00	1250	110¼	113		6.35
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Abbey Natl Treasury 8 03 £	1000	92½	92¾		9.35
Alliance Leics 11⅞ 97 £	100	105	105⅜	-⅛	8.78
British Land 8⅞ 23 £	150	89½	89⅞	-¼	10.24
Denmark 6¾ 98 £	800	93⅞	94⅛		8.82
EIB 8 03 £	1000	94⅛	94¼		9.02
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

	Issued	Bid	Offer	C.cpn
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS

	Issued	Conv. Price	Bid	Offer	Prem.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCIES AND MONEY

MARKETS REPORT

Dollar teeters close to intervention levels

The D-Mark yesterday again swept all before it, driving the dollar down towards its 1994 low, and leaving various European currencies under considerable pressure, *writes Philip Gawith.*

The Italian lira fell to an all time low of L1,075.50 against the D-Mark, while the French franc touched a 15 month low of FFr3.4778.

The dollar, *meanwhile, fell* below the DM1.50 level, back towards its 1994 low of DM1.4860, reached last November, which attracted Fed intervention. It closed in London at DM1.4914, from DM1.5084 on Wednesday, after briefly falling below DM1.49. Against the yen it finished at Y97.545, from Y98.405.

Events on the currency market were the product of two developments: political uncertainty in Europe, prompting a flight towards the D-Mark, as safe haven currency; and renewed signs of financial frailty in Mexico, undermining confidence in the dollar.

Sterling continued to suffer at the hands of the D-Mark, losing nearly a pfennig to finish at DM2.3506 from DM2.3589. It was firmer, however, against the dollar, finishing at $1.5767, from $1.5630. The exchange rate index finished at 87.1, from 87.

The Canadian central bank signalled a 50 basis point increase in short term rates after Moody's, the debt rating agency, said it might cut Canada's debt rating. The Canadian dollar fell half a cent on the news to C$1.4118.

The Bundesbank council left interest rates unchanged.

■ At the end of a busy day on the foreign exchanges, the market was left in "Fed-watch" mode, waiting to see whether the Fed intervenes, at the behest of the US treasury, to support the dollar.

Mr Paul Chertkow, head of global currency research at UBS in London, said: "The dollar is on a precipice of a crisis of confidence...We need clear evidence that the US treasury is concerned about the dollar."

He said the market had been unnerved by the Mexican central bank selling $100m for pesos, and the default of a Mexican conglomerate on an interest payment. The central bank's action, said Mr Chertkow, "gave the impression that the authorities were more concerned to alleviate the suffering of the peso than to cure the underlying problem."

The dollar is also vulnerable against the yen. Traders report a concentration of options positions at Y97.40. Breach of this level could prompt a further *bout of dollar selling.*

The scale of dollar sales is inhibited by the prospect of central bank intervention. Mr Neil MacKinnon, chief economist at Citibank in London, commented: "Nobody wants to be big sellers of the dollar at this level."

Mr Chertkow said selling appeared to be coming mostly from hedge funds, investment banks, and various "Far Eastern and Middle East" counterparties. "This is not a full-blown tidal wave of mutual fund and pension fund money out of the US," he said.

■ The move back into the D-Mark appeared to be part and parcel of the move out of the dollar. The weakness of some of the European currencies seemed to reflect a flight to quality, rather than any new political information.

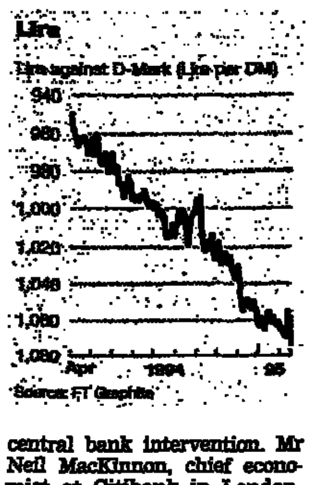
On the issue of current D-Mark strength, a special report by Citibank concludes: "The reasons...rest on the market perception that the Bundesbank will continue to meet its statutory remit of preserving the purchasing power of the currency."

"In addition, a slowdown in the US economy over the forecast period coincides with continuing economic recovery in Germany. This implies that the US dollar will lose support as the Fed loosens and the Bundesbank tightens monetary policy into 1996."

While many in the market are fearful of what will happen when the Bundesbank starts to raise rates, Citibank points out that a stronger D-Mark – effectively a tightening of monetary policy – will weaken the case for higher rates.

Citibank's economists believe that it is long-term rates, and their influence on capital flows, rather than short term rates, which hold the key for the exchange rate.

■ The Bank of England provided £395m late assistance to UK money markets, after declaring a £450m shortage. No assistance was given at established rates. Money market conditions remained easy, with three month LIBOR at 6¾ per cent, the same as the base rate.



■ Pound in New York

Feb 16	Latest	Prev. close
£ spot	1.5790	1.5602
1 mth	1.5783	1.5596
3 mth	1.5772	1.5585
1 yr	1.5685	1.5507

■ OTHER CURRENCIES

Feb 16	£	$
Hungary	180.370 - 180.619	114.470 - 114.570
Iran	2733.00 - 2737.00	1748.00 - 1750.00
Kuwait	0.4700 - 0.4707	0.2983 - 0.2985
Poland	3.8234 - 3.8277	2.4265 - 2.4280
Russia	6752.01 - 6756.74	4284.00 - 4287.00
U.A.E.	5.7868 - 5.7910	3.6725 - 3.6733

POUND SPOT FORWARD AGAINST THE POUND

Feb 16		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.5444	–0.0545	362 - 525	16.6292	16.5206	16.5319	0.9	16.4962	1.1	-	-	106.0
Belgium	(BFr)	48.3942	–0.1525	740 - 143	48.6470	48.3080	48.3442	1.2	48.2542	1.2	47.8792	1.5	107.9
Denmark	(DKr)	9.2773	–0.0083	733 - 812	9.3098	9.2634	9.271	0.8	9.2646	0.6	9.1996	0.8	107.2
Finland	(FM)	7.2931	+0.0278	865 - 997	7.3080	7.2490	-	-	-	-	-	-	84.5
France	(FFr)	8.1716	–0.0123	689 - 743	8.2048	8.1598	8.1648	1.0	8.1576	0.7	8.0859	1.0	107.8
Germany	(DM)	2.3506	–0.0078	495 - 517	2.3620	2.3462	2.3477	1.5	2.3425	1.4	2.3045	2.0	110.2
Greece	(Dr)	369.674	–0.211	344 - 005	372.125	368.800	-	-	-	-	-	-	68.9
Ireland	(I£)	1.0058	-	053 - 062	1.0109	1.0032	1.0052	0.7	1.0045	0.5	1.0029	0.3	97.0
Italy	(L)	2525.56	+14.45	490 - 622	2529.84	2509.19	2529.06	–1.7	2540.16	–2.3	2582.51	–2.3	72.8
Luxembourg	(LFr)	48.3942	–0.1525	740 - 143	48.6470	48.3080	48.3442	1.2	48.2542	1.2	47.8792	1.5	107.9
Netherlands	(Fl)	2.6376	–0.0051	361 - 391	2.6495	2.6307	2.6343	1.5	2.6288	1.3	2.5861	1.9	107.8
Norway	(NKr)	10.3086	–0.0254	044 - 128	10.3651	10.2912	10.3073	0.2	10.3063	0.1	10.2956	0.1	98.7
Portugal	(Es)	243.271	–0.494	973 - 569	244.918	242.703	243.871	–3.0	245.521	–3.7	-	-	95.8
Spain	(Pta)	203.333	+0.398	202 - 463	203.967	202.400	203.623	–1.7	204.388	–2.1	207.688	–2.1	79.6
Sweden	(SKr)	11.5863	+0.0734	764 - 961	11.6461	11.4878	11.5978	–1.2	11.6298	–1.5	11.7073	–1.0	80.7
Switzerland	(SFr)	1.9850	–0.0075	841 - 859	1.9956	1.9825	1.9805	2.7	1.9725	2.5	1.9236	3.1	109.1
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	87.1
Ecu	–	1.2509	–0.0011	501 - 517	1.2548	1.2471	1.2502	0.6	1.2497	0.4	1.2413	0.8	-
SDR†	–	0.943132	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5756	+0.012	751 - 760	1.5794	1.5601	-	-	-	-	-	-	-
Brazil	(Cr)	1.3310	+0.0239	299 - 321	1.3335	1.3102	-	-	-	-	-	-	-
Canada	(C$)	2.2165	+0.0222	154 - 175	2.2220	2.1851	2.2184	–1.0	2.2241	–1.4	2.2278	–0.5	81.4
Mexico	(New Peso)	9.6379	+0.3428	960 - 797	9.6797	9.3432	-	-	-	-	-	-	-
USA	($)	1.5761	+0.0126	757 - 765	1.5800	1.5598	1.5755	0.5	1.5744	0.4	1.5664	0.6	94.5
Pacific/Middle East/Africa													
Australia	(A$)	2.1149	+0.0206	136 - 161	2.1165	2.1136	2.1166	–1.0	2.1233	–1.6	2.1463	–1.5	85.6
Hong Kong	(HK$)	12.1837	+0.0962	802 - 871	12.2137	12.0812	12.1827	0.1	12.2092	–0.8	12.109	0.6	-
India	(Rs)	49.4325	+0.3835	140 - 509	49.5490	48.9350	-	-	-	-	-	-	-
Israel	(Shk)	4.7257	+0.0165	205 - 308	4.7326	4.6997	-	-	-	-	-	-	-
Japan	(Y)	153.741	–0.115	662 - 819	154.220	153.020	153.211	4.1	152.166	4.1	146.111	5.0	150.0
Malaysia	(M$)	4.0223	+0.0334	209 - 237	4.0331	3.9826	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.4842	+0.021	822 - 862	2.4867	2.4822	2.4882	–1.9	2.4972	–2.1	2.5263	–1.7	97.7
Philipines	(Peso)	39.4341	+0.5029	452 - 229	39.5229	39.3452	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.9109	+0.0473	090 - 127	5.9252	5.8499	-	-	-	-	-	-	-
Singapore	(S$)	2.2891	+0.0148	881 - 900	2.2948	2.2695	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.5822	+0.0368	796 - 848	5.6956	5.5334	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.1783	+0.0259	610 - 956	6.1956	6.1492	-	-	-	-	-	-	-
South Korea	(Won)	1253.31	+12.91	284 - 379	1256.26	1236.92	-	-	-	-	-	-	-
Taiwan	(T$)	41.5366	+0.3274	244 - 487	41.6377	41.1148	-	-	-	-	-	-	-
Thailand	(Bt)	39.4309	+0.3434	130 - 488	39.5210	39.0110	-	-	-	-	-	-	-

†SDR rates for Feb 15. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Feb 16		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	10.4970	–0.1195	945 - 995	10.6150	10.4790	10.4865	1.2	10.4645	1.2	10.346	1.4	105.5
Belgium	(BFr)	30.7050	–0.345	000 - 100	31.0800	30.6650	30.6825	0.9	30.6325	0.9	30.44	0.9	107.3
Denmark	(DKr)	5.8862	–0.0528	852 - 872	5.9502	5.8804	5.8844	0.4	5.8812	0.3	5.8732	0.2	106.0
Finland	(FM)	4.6273	–0.0195	243 - 303	4.6506	4.6103	4.6246	0.7	4.6203	0.6	4.6098	0.4	83.6
France	(FFr)	5.1847	–0.0497	843 - 851	5.2370	5.1770	5.1824	0.5	5.1786	0.5	5.1622	0.4	106.8
Germany	(DM)	1.4914	–0.017	911 - 917	1.5100	1.4890	1.4901	1.0	1.487	1.2	1.4712	1.4	108.9
Greece	(Dr)	234.550	–2.025	400 - 700	236.800	234.300	236.95	–12.3	241.3	–11.5	259.55	–10.7	68.2
Ireland	(I£)	1.5671	+0.0126	668 - 674	1.5720	1.5550	1.5676	–0.4	1.5665	0.2	1.5639	0.2	-
Italy	(L)	1602.41	–3.67	240 - 242	1606.60	1599.00	1605.26	–2.1	1612.61	–2.5	1648.91	–2.9	72.7
Luxembourg	(LFr)	30.7050	–0.345	000 - 100	31.0800	30.6650	30.6825	0.9	30.6325	0.9	30.44	0.9	107.3
Netherlands	(Fl)	1.6735	–0.0167	730 - 740	1.6915	1.6697	1.6722	1.0	1.6688	1.1	1.6522	1.3	107.0
Norway	(NKr)	6.5406	–0.0669	396 - 416	6.6273	6.5337	6.5349	1.1	6.5291	0.7	6.4981	0.6	97.5
Portugal	(Es)	154.350	–1.56	200 - 500	155.900	154.200	154.745	–3.1	155.675	–3.4	159.925	–3.6	95.6
Spain	(Pta)	129.010	–0.785	960 - 060	129.880	128.820	129.245	–2.2	129.755	–2.3	132.61	–2.8	79.4
Sweden	(SKr)	7.3512	–0.0123	468 - 556	7.4217	7.3322	7.3615	–1.7	7.3832	–1.7	7.4747	–1.7	80.6
Switzerland	(SFr)	1.2595	–0.0148	592 - 597	1.2760	1.2582	1.2571	2.2	1.2522	2.3	1.228	2.5	109.0
UK	(£)	1.5761	+0.0126	757 - 765	1.5800	1.5598	1.5755	0.5	1.5744	0.4	1.5664	0.6	86.5
Ecu	–	1.2600	+0.0111	595 - 605	1.2621	1.2482	1.2602	–0.2	1.2606	–0.2	1.2618	–0.1	-
SDR†	–	1.47487	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9997	–0.0004	996 - 997	0.9997	0.9996	-	-	-	-	-	-	-
Brazil	(Cr)	0.8445	+0.0065	440 - 450	0.8460	0.8400	-	-	-	-	-	-	-
Canada	(C$)	1.4063	+0.0028	060 - 066	1.4085	1.4002	1.4081	–1.5	1.412	–1.6	1.4223	–1.1	80.8
Mexico	(New Peso)	6.1150	+0.17	900 - 400	6.1400	6.0800	6.1158	–0.2	6.1162	–0.1	6.1176	0.0	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	96.3
Pacific/Middle East/Africa													
Australia	(A$)	1.3418	+0.0024	414 - 423	1.3556	1.3396	1.3437	–1.7	1.3482	–1.9	1.373	–2.3	87.4
Hong Kong	(HK$)	7.7303	–0.0007	300 - 305	7.7310	7.7300	7.7314	–0.2	7.7325	–0.1	7.7373	–0.1	-
India	(Rs)	31.3638	–0.0075	600 - 675	31.3725	31.3600	31.4438	–3.1	31.6888	–4.1	-	-	-
Israel	(Shk)	2.9983	–0.0137	958 - 008	3.0117	2.9958	-	-	-	-	-	-	-
Japan	(Y)	97.5450	–0.86	200 - 700	98.3500	97.4500	97.245	3.7	96.595	3.9	93.26	4.4	150.0
Malaysia	(M$)	2.5521	+0.0008	518 - 523	2.5540	2.5518	2.5501	0.9	2.5456	1.0	2.5296	0.9	-
New Zealand	(NZ$)	1.5761	+0.0008	753 - 770	1.5919	1.5739	1.5788	–2.1	1.5864	–2.6	1.6131	–2.3	-
Philipines	(Peso)	25.0200	+0.12	700 - 700	25.0700	24.9700	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7503	-	501 - 505	3.7505	3.7501	3.7529	–0.8	3.7562	–0.6	3.7678	–0.5	-
Singapore	(S$)	1.4524	–0.0022	521 - 526	1.4567	1.4512	1.4474	4.1	1.4421	2.8	1.4186	2.3	-
S Africa (Com.)	(R)	3.5418	–0.005	410 - 425	3.5475	3.5400	3.5553	–4.6	3.59	–5.4	3.7593	–6.1	-
S Africa (Fin.)	(R)	3.9200	–0.015	100 - 300	3.9300	3.9100	3.9475	–8.4	3.9975	–7.9	4.23	–7.9	-
South Korea	(Won)	795.200	+1.85	100 - 300	795.300	793.000	798.2	–4.5	801.7	–3.3	820.2	–3.1	-
Taiwan	(T$)	26.3540	–0.003	530 - 550	26.3570	26.3530	26.374	–0.9	26.414	–0.9	-	-	-
Thailand	(Bt)	25.0180	+0.018	130 - 230	25.0280	25.0100	25.0305	–0.6	25.0445	–0.4	25.0705	–0.2	-

†SDR rate for Feb 15. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Feb 15. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

February 16	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	4⅞	5¼	5⅜	5¾	6½	7.40	4.50	-
week ago	4⅞	5¼	5⅜	5¾	6¼	7.40	4.50	-
France	5⅝	5½	5¾	6⅛	6¾	5.00	-	6.40
week ago	5⅝	5½	5¾	6	6⅝	5.00	-	6.40
Germany	4.93	4.95	5.05	5.20	5.65	6.00	4.50	4.85
week ago	4.93	4.95	5.05	5.25	5.70	6.00	4.50	4.85
Ireland	5⅛	5⅝	6⅛	6⅞	7⅜	-	-	6.25
week ago	5⅛	5⅝	6⅛	6⅝	7⅜	-	-	6.25
Italy	8⅝	8⅝	8⅝	9⅛	10⅛	-	7.50	8.20
week ago	8¾	8⅝	8¾	9⅛	10	-	7.50	8.20
Netherlands	4.84	5.01	5.10	5.28	5.75	-	5.25	-
week ago	4.84	5.01	5.08	5.27	5.75	-	5.25	-
Switzerland	3⅛	3⅝	3⅞	4⅛	4½	6.625	3.50	-
week ago	3½	3⅝	3⅞	4⅛	4½	6.625	3.50	-
US	6⅛	6⅛	6¼	6⅝	7⅛	-	5.25	-
week ago	6	6⅛	6¼	6⅝	7¼	-	5.25	-
Japan	2⅛	2¼	2¼	2⅜	2⅛	-	1.75	-
week ago	2¼	2¼	2¼	2⅜	2¼	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	6⅛	6¼	6⅝	7⅛	-	-	-
week ago	-	6⅛	6⅛	6⅝	7⅛	-	-	-
US Dollar CDs	-	5.92	6.04	6.29	6.81	-	-	-
week ago	-	5.92	6.03	6.29	6.87	-	-	-
SDR Linked Ds	-	4.25	4.438	4.688	5.188	-	-	-
week ago	-	4.25	4.812	5.125	5.687	-	-	-

ECU Linked Ds mid rates: 1 mth: 5⅝; 3 mths: 6⅛; 6 mths: 6⅜; 1 year: 6⅞. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Feb 16	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5¹⁄₁₆ - 4¹⁵⁄₁₆	5¹⁄₁₆ - 4¹⁵⁄₁₆	5³⁄₁₆ - 5¹⁄₁₆	5⅜ - 5¼	5¾ - 5⅝	6¼ - 6⅛
Danish Krone	5¼ - 5	5¾ - 5½	5⅞ - 5⅝	6¼ - 6	6⅝ - 6⅜	7⁵⁄₁₆ - 7³⁄₁₆
D-Mark	4¹³⁄₁₆ - 4¹¹⁄₁₆	4¹⁵⁄₁₆ - 4¹³⁄₁₆	5 - 4⅞	5¹⁄₁₆ - 4¹⁵⁄₁₆	5¼ - 5⅛	5¹¹⁄₁₆ - 5⁹⁄₁₆
Dutch Guilder	5 - 4⅞	5 - 4⅞	5 - 4¹⁵⁄₁₆	5⅛ - 5¹⁄₁₆	5⁵⁄₁₆ - 5³⁄₁₆	5¾ - 5⅝
French Franc	5⅜ - 5¼	5⁷⁄₁₆ - 5⁵⁄₁₆	5½ - 5⅜	5¾ - 5⅝	6⅛ - 6	6⅝ - 6½
Portuguese Esc.	8¹¹⁄₁₆ - 8⁹⁄₁₆	8⅞ - 8¾	9¹⁄₁₆ - 8¹⁵⁄₁₆	9⅞ - 9¹¹⁄₁₆	10³⁄₁₆ - 10⅛	10¹³⁄₁₆ - 10⅝
Spanish Peseta	8⅛ - 8¹⁄₁₆	8⅛ - 8¹⁄₁₆	8³⁄₁₆ - 8¹⁄₁₆	8⅝ - 8½	9⅛ - 8¹⁵⁄₁₆	10 - 9⅞
Sterling	5¾ - 5½	6¼ - 6⅛	6⁹⁄₁₆ - 6½	6¹³⁄₁₆ - 6¹¹⁄₁₆	7⅜ - 7¼	7¹³⁄₁₆ - 7¹¹⁄₁₆
Swiss Franc	3¾ - 3⅝	3½ - 3⅜	3⅝ - 3½	3⅞ - 3¾	4⅛ - 4	4½ - 4⅜
Can. Dollar	7¹¹⁄₁₆ - 7⁷⁄₁₆	7¹¹⁄₁₆ - 7⁷⁄₁₆	7¹¹⁄₁₆ - 7⁹⁄₁₆	7⅞ - 7¾	8¹⁄₁₆ - 7¹⁵⁄₁₆	8⁵⁄₁₆ - 8³⁄₁₆
US Dollar	6³⁄₁₆ - 6¹⁄₁₆	6¹⁄₁₆ - 5¹⁵⁄₁₆	6⅛ - 6	6⁵⁄₁₆ - 6³⁄₁₆	6⅝ - 6½	7¼ - 7⅛
Italian Lira	8 - 7½	8⅜ - 8¼	8⁷⁄₁₆ - 8⅜	8⅞ - 8¾	9⅜ - 9¼	10⅛ - 10
Yen	2¼ - 2³⁄₁₆	2¼ - 2³⁄₁₆	2¼ - 2³⁄₁₆	2⁵⁄₁₆ - 2¼	2⁵⁄₁₆ - 2¼	2¹³⁄₁₆ - 2¹¹⁄₁₆
Asian $Sing	2 - 1⅞	1½ - 1⅜	2⅛ - 2	2¹³⁄₁₆ - 2¹¹⁄₁₆	3⁵⁄₁₆ - 3³⁄₁₆	4⅛ - 4

Short term rates are call for the US Dollar and Yen, others: two days' notice

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.00	94.00	-	94.04	93.97	20,100	44,253
Jun	93.48	93.49	-	93.55	93.44	39,000	50,310
Sep	93.17	93.18	+0.01	93.22	93.12	9,726	36,796
Dec	92.89	92.91	+0.02	92.95	92.86	4,370	18,652

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar		93.66	+0.01			0	1537
Jun		93.15	+0.02			0	523
Sep		92.81	+0.03			0	177
Dec		92.53	+0.04			0	200

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.85	94.87	-	94.88	94.85	25565	176638
Jun	94.51	94.52	-	94.54	94.49	47472	191747
Sep	94.14	94.12	-0.02	94.16	94.09	27177	111759
Dec	93.73	93.72	-0.03	93.76	93.70	22566	84529

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	90.82	90.72	-0.12	90.84	90.69	9655	35653
Jun	90.09	89.95	-0.18	90.12	89.92	11223	29836
Sep	89.66	89.53	-0.16	89.69	89.52	2973	26515
Dec	89.37	89.25	-0.14	89.38	89.24	1047	14678

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.98	95.97	-	96.00	95.94	3403	18484
Jun	95.68	95.66	-	95.68	95.59	3499	16018
Sep	95.38	95.37	+0.01	95.37	95.34	671	6364
Dec	95.09	95.09	+0.01	95.10	95.06	1031	5815

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.82	93.81	-	93.83	93.77	1991	9860
Jun	93.30	93.29	-0.01	93.34	93.24	1507	7071
Sep	92.88	92.85	-0.02	92.90	[illegible]	331	3976
Dec	92.43	92.42	-	92.44	92.41	145	1913

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Feb 16		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.17	16.89	4.856	2.077	5218	5.449	21.29	502.6	420.1	23.93	4.102	2.067	4.579	3.257	317.6	2.583
Denmark	(DKr)	52.16	10	8.808	2.533	1.083	2722	2.843	11.10	262.2	219.1	12.48	2.140	1.078	2.389	1.699	165.7	1.347
France	(FFr)	59.22	11.35	10	2.876	1.230	3090	3.227	12.61	297.6	248.8	14.17	2.429	1.224	2.712	1.929	188.1	1.530
Germany	(DM)	20.59	3.948	3.477	1	0.428	1074	1.122	4.383	103.5	86.51	4.928	0.845	0.426	0.943	0.671	65.40	0.532
Ireland	(I£)	48.15	9.231	8.130	2.338	1	2512	2.624	10.25	242.0	202.3	11.52	1.975	0.995	2.205	1.568	152.9	1.244
Italy	(L)	1.916	0.367	0.324	0.093	0.040	100.	0.104	0.408	9.632	8.051	0.459	0.079	0.040	0.088	0.062	6.087	0.050
Netherlands	(Fl)	18.35	3.518	3.099	0.891	0.381	957.5	1	3.906	92.23	77.10	4.391	0.753	0.379	0.840	0.598	58.29	0.474
Norway	(NKr)	46.98	9.007	7.933	2.282	0.976	2451	2.560	10	236.1	197.4	11.24	1.927	0.971	2.151	1.530	149.2	1.214
Portugal	(Es)	19.90	3.815	3.360	0.966	0.413	1038	1.084	4.235	100.	83.59	4.762	0.816	0.411	0.911	0.648	63.20	0.514
Spain	(Pta)	23.80	4.563	4.019	1.156	0.494	1242	1.297	5.066	119.6	100.	5.696	0.976	0.492	1.090	0.775	75.60	0.615
Sweden	(SKr)	41.79	8.011	7.056	2.029	0.868	2180	2.277	8.896	210.0	175.6	10	1.714	0.864	1.914	1.361	132.7	1.079
Switzerland	(SFr)	24.38	4.674	4.116	1.184	0.506	1272	1.328	5.189	122.5	102.4	5.834	1	0.504	1.116	0.794	77.43	0.630
UK	(£)	48.39	9.277	8.171	2.350	1.005	2525	2.637	10.30	243.2	203.3	11.58	1.985	1	2.216	1.576	153.7	1.250
Canada	(C$)	21.84	4.186	3.687	1.060	0.454	1139	1.190	4.648	109.7	91.74	5.226	0.896	0.451	1	0.711	69.36	0.564
US	($)	30.70	5.886	5.185	1.491	0.638	1602	1.673	6.536	154.3	129.0	7.348	1.260	0.635	1.406	1	97.53	0.793
Japan	(Y)	31.48	6.036	5.316	1.529	0.654	1643	1.716	6.701	158.2	132.3	7.534	1.291	0.651	1.442	1.025	100.	0.813
Ecu		38.71	7.422	6.537	1.880	0.804	2020	2.110	8.240	194.6	162.6	9.264	1.588	0.800	1.773	1.261	123.0	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6630	0.6700	+0.0066	0.6714	0.6630	33,533	83,320
Jun	0.6656	0.6721	+0.0065	0.6735	0.6656	905	5,003
Sep	0.6735	0.6750	+0.0075	0.6756	0.6733	62	767

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.0196	1.0266	+0.0069	1.0287	1.0191	33,744	74,177
Jun	1.0360	1.0379	+0.0066	1.0396	1.0360	1,156	8,355
Sep	1.0495	1.0512	+0.0084	1.0512	1.0490	2	787

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.7851	0.7941	+0.0085	0.7960	0.7849	20,327	39,384
Jun	0.7966	0.7990	+0.0087	0.8004	0.7968	398	1,549
Sep	-	0.8035	-	0.8035	-	2	187

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.5602	1.5746	+0.0144	1.5760	1.5602	9,299	44,711
Jun	1.5690	1.5736	+0.0156	1.5740	1.5680	187	1,711
Sep	1.5700	1.5700	+0.0102	1.5700	1.5660	2	6

UK INTEREST RATES

LONDON MONEY RATES

Feb 16	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7½ - 6	6⅜ - 6⅛	6⅝ - 6⅜	6¾ - 6⅝	7⅜ - 7⅛	7⅞ - 7⅝
Sterling CDs	-	-	6¹¹⁄₁₆ - 6⁹⁄₁₆	6¹³⁄₁₆ - 6⅝	7⅜ - 6¹³⁄₁₆	7⅞ - 7⅝
Treasury Bills	-	-	6⅜ - 6⅛	6½ - 6⅜	-	-
Bank Bills	-	-	6⅞ - 6⅜	6⅝ - 6½	6⅞ - 6¾	-
Local authority deps.	6⁵⁄₁₆ - 6⅛	6⁵⁄₁₆ - 6⅛	6⅝ - 6½	6¾ - 6⅝	7⅛ - 7	7⅝ - 7½
Discount Market deps	7 - 6¼	6¼ - 6⅛				

UK clearing bank base lending rate 6¾ per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	5¾	5¾	5	5¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc.
Ave. tender rate of discount 6.1166pc. ECGD fixed rate Stlg. Export Finance. Make up day Jan 31, 1995. Agreed rate for period Feb 26, 1995 to Mar 25, 1995, Schemes II & III 7.87pc. Reference rate for period Dec 31, 1994 to Jan 31, 1995, Schemes IV & V 6.624pc. Finance House Base Rate 7pc from Feb 1, 1995

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.07	93.06	+0.01	93.08	93.02	17661	75776
Jun	92.33	92.31	-	92.37	92.25	35231	96878
Sep	91.88	91.86	-	91.93	91.78	13197	70266
Dec	91.56	91.54	+0.01	91.59	91.45	8733	52707

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9300	0.11	0.02	0.05	0.05	0.71	1.19
9325	0.01	0.01	0.03	0.20	0.95	1.42
9350	0	0	0.01	0.44	1.19	1.65

Est. vol. total, Calls 8381 Puts 8054. Previous day's open int., Calls 208637 Puts 179713

EMS EUROPEAN CURRENCY UNIT RATES

Feb 16	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.11853	–0.00434	–3.56	9.90	-
Belgium	40.2123	38.9190	–0.061	–3.22	9.51	23
Germany	1.94964	1.88980	–0.00412	–3.06	9.34	-
Austria	13.7167	13.3015	–0.0263	–3.12	9.29	-
Ireland	0.808628	0.808484	+0.001396	–0.02	6.01	0
Denmark	7.43679	7.46052	+0.00159	0.32	5.65	–2
France	6.53883	6.56979	+0.00031	0.47	5.49	–4
Portugal	192.854	195.379	–0.35	1.31	4.62	–9
Spain	154.250	163.482	+0.662	5.99	0.00	–42
NON ERM MEMBERS						
Greece	264.513	296.865	–0.249	12.23	–5.57	-
Italy	1793.19	2031.26	+17.1	13.28	–6.44	-
UK	0.786749	0.804608	+0.001772	2.27	3.63	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Mar	CALLS Apr	CALLS May	PUTS Mar	PUTS Apr	PUTS May
1.500	7.33	7.37	7.50	-	0.13	0.36
1.525	4.92	5.19	5.47	0.04	0.43	0.78
1.550	2.74	3.32	3.72	0.36	1.03	1.50
1.575	1.16	1.92	2.38	1.22	2.05	2.52
1.600	0.35	0.98	1.40	2.85	3.54	4.00
1.625	0.05	0.43	0.76	5.04	5.47	5.82

Previous day's vol., Calls 6,302 Puts 7,366 . Prev. day's open int., Calls 246,734 Puts 301,761

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	93.62	93.65	+0.04	93.67	93.62	105,045	390,552
Jun	93.10	93.16	+0.07	93.19	93.07	358,252	427,441
Sep	92.76	92.84	+0.09	92.88	92.70	273,366	277,939

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.20	94.24	+0.04	94.27	94.20	1,808	8,074
Jun	93.60	93.73	+0.08	93.74	93.66	2,879	11,560
Sep	93.28	93.41	+0.09	93.41	93.26	764	5,457

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Mar	CALLS Apr	CALLS May	CALLS Jun	PUTS Mar	PUTS Apr	PUTS May	PUTS Jun
9475	0.14	0.04	0.06	0.09	0.02	0.27	0.29	0.32
9500	0.01-	0.01	0.02	0.03	0.14	0.48	0.50	0.51
9525	0	0	0	0.01	0.38	0.73	0.73	0.74

Est. vol. total, Calls 5968 Puts 22503. Previous day's open int., Calls 170075 Puts 228608

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9575	0.23	0.13	0.12	0.01	0.22	0.50
9600	0.05	0.05	0.06	0.06	0.38	0.69
9625	0.01	0.01	0.02	0.29	0.60	0.90

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1795 Puts 2010

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Duncan Lawrie	6.75	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	9
Allied Trust Bank	6.75	Exeter Bank Limited	7.75	Royal Bk of Scotland	6.75
AIB Bank	6.75	Financial & Gen Bank	7.00	Singer & Friedlander	6.75
●Henry Ansbacher	6.75	●Robert Fleming & Co	6.75	●Smith & Williamson Secs.	6.75
Bank of Baroda	6.75	Girobank	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.75	●Guinness Mahon	6.75	●United Bk of Kuwait	6.75
Bank of Cyprus	6.75	Habib Bank AG Zurich	6.75	Unity Trust Bank Plc	6.75
Bank of Ireland	6.75	●Hambros Bank	6.75	Western Trust	6.75
Bank of India	6.75	Heritable & Gen Inv Bk	6.75	Whiteaway Laidlaw	6.75
Bank of Scotland	6.75	●Hill Samuel	6.75	Yorkshire Bank	6.75
Barclays Bank	6.75	C. Hoare & Co	6.75		
Brit Bk of Mid East	6.75	Hongkong & Shanghai	6.75		
●Brown Shipley & Co Ltd	6.75	Julian Hodge Bank	6.75		
Citibank NA	6.75	●Leopold Joseph & Sons	6.75		
Clydesdale Bank	6.75	Lloyds Bank	6.75		
The Co-operative Bank	6.75	Meghraj Bank Ltd	6.75		
Coutts & Co	6.75	Midland Bank	6.75		
Credit Lyonnais	6.75	* Mount Banking	6.75		
Cyprus Popular Bank	6.75	NatWestminster	6.75		
		●Rea Brothers	6.75		

● Members of London Investment Banking Association
* In administration

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Barings 8pc Cv 2nd Pf		97	-1	117	89¼	12.1	10.8	-
9¼pc Non-Cum Pf		117¼	—	137½	107	47.1	10.4	-
Cater Allen	‡†N☐	438	-2	[illegible]	436	142.8	8.1	9.0
Close Bros	‡N☐	232	—	[illegible]	203	229.8	4.0	10.5
Gerrard & Nat	‡†N☐	439	-10	615	395	213.3	8.8	12.6
Hambros	‡N☐	233	-2	473	209	411.2	8.0	14.3
7¾pc Cv Pf		109½	-1	191	99½	137.2	8.8	-
Joseph (L)	‡†N	393	—	443	393	28.8	5.6	11.4
King & Shaxson	‡N	97	—	178	95	16.9	11.6	9.8
Kleinwort Benson	‡N☐	601	-3	693	424	841.8	4.4	12.0
Rea Bros	‡†N☐	62	—	79	53	25.7	1.9	17.4
Schroders	‡†N☐	1525	-10	1874	1050	1,525	1.5	14.0
NV	†N	1385	-8	1468	1043	395.9	1.7	12.5
Singer & Fried	‡†N☐	85	—	114	75	169.1	4.6	10.8
Union	‡†N☐	87	—	139	86	23.1	6.5	8.0
Warburg (SG)	‡N☐	729	—	1012	589	1,083	3.6	13.4
Wintrust	‡†N	226	—	390	209	19.4	5.9	15.0

BANKS, RETAIL

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

INVESTMENT COMPANIES - Cont.

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£29	.....	£34	£13½	1,892	2.5	21.2
Barlow	♣	£5⅜	.....	£5¾	£3⅞	1,113	1.8	19.8
Gold Flds Prop R		144xd	.....	152	75	14.7	7.5	Φ
NK Props		85	.....	98	85	3.42	14.1	-
SASOL	♥	484	.....	582	390	2,792	2.9	-
SA Brews	†	£14⅝	.....	£16⅞	£10	4,041	2.0	22.7
Tiger Oats		725	.....	838	535	1,080	2.1	17.0
Tongaat-Hulett	†n	782	.....	*782	356¼	694.5	1.9	22.2

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column only as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ❑ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below
- ✣ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- ¤ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue
h Assumed dividend yield after scrip issue
e Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xC ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1275 a year for each security shown, subject to the Editor's discretion.

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FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

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FT MANAGED FUNDS SERVICE

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

GUERNSEY (SIB RECOGNISED)

Lazard Fund Mngrs - Contd.

Lloyds Intl Money Market Fund Ltd

GUERNSEY (REGULATED)(**)

Merrill Lynch Guernsey

Nikko Capital Mngt (Europe) Ltd

Rothschild Asset Mngmt (CI) Ltd

IRELAND (SIB RECOGNISED)

Singer & Friedlander Inv Funds Ltd - Contd.

IRELAND (REGULATED)(**)

Scottish Amicable European/International

Stellar Fund Plc

Ulster Bank Investment Services

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

Cater Allen Investment Management (CI)

Cazenove International Asset Mngt Ltd (CIAM)

Citibank (CI) Ltd "Citifunds"

LUXEMBOURG (SIB RECOGNISED)

Commercial Union Luxembourg SA - Contd.

Lloyds Bank Luxembourg

LUXEMBOURG (REGULATED)(**)

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 71) 873 4378 for more details.

[illegible]

OFFSHORE INSURANCES

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

	Selling Price	Buying Price	+ or -	Yield Gross
Carl Spaengler KAG				
Long Term Value Trust NAV	$738.66		—	-
Springfield Fund Mgmt (Gibraltar) Ltd				
Global Liquidity Fd Ltd	$104.16		+0.15	7.42
Sri Lanka Growth Fund				
NAV Feb 16	$8.97		—	-

MANAGED FUNDS NOTES

[illegible]

x - Offered price includes all expenses except agent's commission.

y - Previous day's price.

- Yield before Jersey tax.

† - Ex-subdivision.

‡ - Only available to charitable bodies.

xd - Ex-dividend

LONDON STOCK EXCHANGE

MARKET REPORT

Currency factors drag blue chip shares lower

By Terry Byland,
UK Stock Market Editor

An uncomfortable session in UK equities yesterday saw weakness in the dollar halt any attempt by London to follow Wall Street's overnight rise to new peaks. Losses in the blue chip stocks were extended towards the close when New York opened the new session smartly down and the Mexican markets and currency also weakened.

A more considered response to Wednesday's data on the domestic economy did little to revive enthusiasm in equities. Store and consumer issues suffered in the wake of the sharp fall in January retail sales, but inflation concerns were not dispelled by the 3.3 per cent year-on-year rise in the retail price index.

At the close the FT-SE 100-share Index was 23.8 down at 3,083.9, against a low for the day of 3,046.9. Early trading saw the Footsie advance by 9 points, largely a catch-up response to Wall Street. But weakness in the dollar soon took the shine off the international exporting stocks.

There was no great selling pressure, however, and such features as there were focused around company news. The announcement of the pricing details for the institutional part of the government sale of its outstanding 40 per cent of National Power and PowerGen contained no surprises for the equity market. The big investment funds have long ago set aside cash for these operations.

A sudden jump in Seaq-reported trading volume unnerved the market at midday, prompting a sell-off in the futures market, where the March future contract on the FT-SE 100 Index dipped to a discount against the Footsie itself.

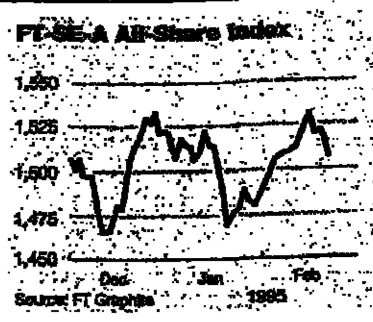
The stock market quickly fell away, taking the Footsie to a net 23-point decline before traders identified the increased volume as nothing more sinister than a single deal of 150m shares in a very low-priced stock. "Not even a penny stock," as one dealer put it.

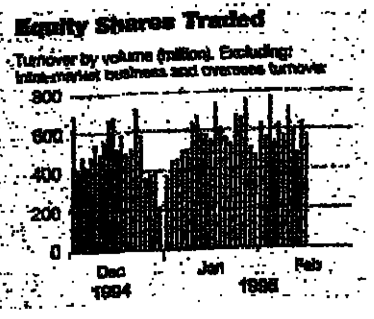
After a pause the market rallied very slowly, only to turn off again as the March future contract reacted to early falls in the Dow Industrial Average, which was 20 points off during London hours.

Traders described the session as "disappointing rather than bearish", and commented that the sudden uncertainty in the currency markets had taken the impetus away from the stock market.

At home, share prices are now likely to be guided by the outcome of the corporate reporting season which opens next week. The downside of the apparent slowing in economic growth indicated by the January sales figures is expected to cast a shadow over the confidence in the outlook for higher earnings and dividend payments from British companies which drove share prices ahead at the end of last year.

Seaq volume, boosted by the single large deal in Ticketing Group, jumped to 666.7m shares from Wednesday's 501.5m; retail business was worth £1.57bn in the previous session. With the exception of this deal, the attention again switched back to the Footsie-listed stocks which are linked to futures-related trading. The FT-SE Mid 250 Index, taking in 150 smaller stocks, held its fall to 14.5 for a final reading of 3,438.7.





Indices and ratios

FT-SE 100	3051.1	-23.8
FT-SE Mid 250	3438.7	-14.5
FT-SE-A 350	1525.3	-10.6
FT-SE-A All-Share	1508.39	-9.97
FT-SE-A All-Share yield	4.10	(4.07)
FT Ordinary index	2322.8	-11.3
FT-SE-A Non Fins p/e	17.66	(17.78)
FT-SE100 Fut Mar	3044.5	-30.5
10 yr Gilt yield	8.68	(8.63)
Long gilt/equity yld ratio:	2.13	(2.14)

Best performing sectors

1 Life Assurance +0.8
2 Engineering +0.3
3 Electronic & Elec +0.3
4 Media +0.3
5 Paper, Pckg & Printing +0.2

Worst performing sectors

1 Water -2.1
2 Extractive Inds -1.8
3 Tobacco -1.6
4 Telecommunications -1.3
5 Banks, Retail -1.2

Lasmo hit by sellers

There was more evidence that the recent bout of takeover speculation surrounding Lasmo might have run its course yesterday, as the share price drifted back a further 1½ to 152p after some heavy selling. Turnover reached a hefty 6.4m shares.

Lasmo shares ran up to 160p last week – their highest level for five months – after persistent rumours that the 10 per cent stake held by Enterprise Oil had been offered to potential bidders. Enterprise acquired the holding last year during its ill-fated takeover bid for Lasmo.

This week has seen the share price come under pressure, however, with Hoare Govett, one of the oil sector's most influential broking houses, taking the shares off its buy list.

It also transpired that much of the buying that took place recently was on behalf of the Abu Dhabi Investment Authority, which announced that it had increased its holding by around 10m shares to 4.09 per cent, or 39.5m.

Dealers also said the burst of buying interest that began in earnest at the start of the month reflected no more than a clumsily executed buying order. Lasmo is scheduled to report its preliminary figures next month. Enterprise Oil eased 2 to 395p, with turnover reaching just short of 1m.

The latest rumour to attach itself to Glaxo's £9bn-plus offer for Wellcome is that a counter-bidder is poised to emerge and will prove to be Zeneca, the pharmaceuticals business demerged from ICI.

Some traders drew speculative conclusions yesterday when a trade of 2.3m Zeneca shares was reported at 905p a share. The deal was in fact carried out two days ago but not revealed at the time, in accordance with Stock Exchange rules covering exceptionally large trades. Zeneca's share price came off sharply and closed 15 lower at 895p, with final turnover of 4.5m shares high for the stock.

Meanwhile, Wellcome resisted the market slide, holding steady at 1023p to reflect the hope that a "white knight" bidder will indeed arrive and top Glaxo's offer. Glaxo slipped 2 to 641p.

Shares in industrial giant British Aerospace (BAe) registered one of the day's best performances among FT-SE 100 constituents after NatWest Securities published a bullish circular on the group's valuation and urged investors to buy the stock.

Resisting the poor market trend, the shares raced ahead 10¼ to 482p, and volume had risen to 3.1m by the close.

Analysts at NatWest said their earnings-based valuation model showed 573p a share to be the fair price for the stock. The broker said its model was based on a modest calculation which assumes a 30 per cent discount for profits of defence systems but a 20 per cent premium for Airbus profits. BAe is a 20 per cent stake holder in the Airbus consortium.

NatWest concludes by saying: "Our 1994-1997 forecasts point to modest cash generation and a steady strengthening of the balance sheet."

Norcros, the building materials group, was the worst performer in the market, outside of so-called "penny stocks", the shares sliding 17 or 17.5 per cent to 80p, their lowest level since September 1993. At their worst yesterday the shares touched 76p.

The slide in the stock followed a warning that the company will post a loss for the year and that the dividend is in jeopardy, after provisions for reorganisation.

Willis Corroon was the outstanding performer in insurances, the shares adding 4 at 144p in turnover of 1.5m. Dealers said recent selling of the stock had been overdone and the market was left with a short position.

Composites attracted some exceptionally heavy two-way business, notably Guardian Royal Exchange, in which 7.8m shares changed hands; the stock held at 181p. Royal Insurance, scheduled to report next Thursday, relinquished 3 at 386p.

Barclays shares staged an early advance, touching 631p at one point, after a report that the bank may seek shareholder permission to buy in its own stock. However, subsequent profit-taking, prompted by scepticism that the bank would actually move to acquire the shares, saw the stock price retreat to close a net 8 off at 611p; turnover was 7.9m.

The regional electricity companies (recs) were mostly easier in the wake of more profit-taking after Tuesday's clearance by the DTI of Trafalgar House's bid for Northern Electric.

The latter held at 1093p ahead of the expected defence document from Northern's advisers, S.G. Warburg, which is expected to contain a pledge of a special dividend.

There was renewed speculative demand for a handful of the sector's strongest bid favourites, notably Seeboard, which moved up 8 to 452p, and South Wales, 4 firmer at 856p. South Western gained 2 at 851p. Yorkshire, heavily tipped as a potential bid target for the Hanson group, shed 7 to 876p.

Sellers got the upper hand in the water sector, where losses of 14 were common to Southern, 564p, Welsh, 609p, and Yorkshire, 519p. Thames, 10 lower at 478p, was the most heavily traded stock in the sector, with 3.6m shares changing hands.

News and electronic information group Reuters Holdings was the brightest spot among the top 100 London stocks. The market felt that the selling around the full year figures had been overdone and began to respond to some enthusiastic buy recommendations.

Among the enthusiasts was NatWest Securities analyst Ms Belinda Clifton who argued: "At a 27 per cent premium to December 1996, the shares look exceptionally good value."

As US selling appeared to dry up, ICI recovered 6 to 737p. However, NatWest believes they are still overvalued.

Elsewhere, leading dollar earning stocks were affected by the weakness of the US currency.

Food manufacturing group Cadbury Schweppes moved 6¼ ahead to 425p, after BZW reiterated its buy recommendation on the stock.

Shares in Unigate lost 4 to 352p on reports that Swiss group Sandoz was not interested in buying Unigate's 33 per cent stake in Dutch group Nutricia.

Profit-takers gained the upper hand in United Biscuits leaving the shares 6 lower at 346p. However vague bid talk remains.

NatWest Securities advised clients to buy Unilever, a penny firmer at 1178p.

A trading update from Albert Fisher helped the shares harden a penny to 45p.

British Steel were in demand with sentiment boosted by news that the government is launching a monitoring group to check on state aid and unfair practices in the European steel industry. The shares hardened ¾ to 152¾p, in trade of 7.9m.

General profit-taking, together with news that Mr Alan Jones, chairman of GKN's Westland subsidiary, is to leave for BICC, left the former 9 lower at 577p. BICC rose 7 to 328p, in celebration.

Laird Group gave up 7 to 323p, following an agency cross in the shares at 320p.

Marks and Spencer fell 7¼ to 379½p, with James Capel said to have a large line of stock.

Pharmaceuticals group Chiroscience improved 4 to 123p, with the help of a Yamaichi buy recommendation.

MARKET REPORTERS:

Steve Thompson,
Peter John,
Joel Kibazo.

FINANCIAL TIMES EQUITY INDICES

	Feb 16	Feb 15	Feb 14	Feb 13	Feb 10	Yr ago	*High	*Low
Ordinary Share	2322.8	2334.1	2334.7	2344.4	2364.8	2634.0	2713.6	2238.3
Ord. div. yield	4.55	4.53	4.50	4.48	4.44	3.50	4.88	3.43
Earn. yld. % full	6.79	6.76	6.66	6.63	6.57	3.92	6.84	3.82
P/E ratio net	17.40	17.48	17.82	17.89	18.04	33.37	33.43	16.91
P/E ratio nil	16.57	16.65	16.94	17.01	17.16	30.76	30.80	16.37

*For 1994/5. Ordinary Share Index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share Index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2344.7	2343.8	2337.2	2339.1	2331.7	2326.8	2329.7	2327.3	2321.6	2345.5	2319.8

	Feb 16	Feb 15	Feb 14	Feb 13	Feb 10	Yr ago
SEAQ bargains	22,122	22,584	23,517	22,282	23,816	30,345
Equity turnover (£m)†	-	1568.6	1389.6	989.9	1286.0	1404.3
Equity bargains†	-	31,687	30,652	31,183	31,442	33,546
Shares traded (m)†	-	579.6	624.8	495.9	566.5	617.1

†Excluding intra-market business and overseas turnover.

■ London market data

Rises and falls*		1994/95 Highs and lows		LIFFE Equity options	
Total Rises	355	Total Highs	23	Total contracts	52,569
Total Falls	845	Total Lows	114	Calls	28,286
Same	1,639			Puts	24,283

Feb. 16 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3089.0	3044.5	-30.5	3094.0	3040.0	19169	60135
Jun	3096.5	3054.0	-30.5	3096.5	3053.0	1678	11170
Sep		3077.5	-30.5			0	172

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3465.0	3439.0	-26.0	3465.0	3465.0	250	3981
Jun	3485.0	3460.0	-25.5	3485.0	3485.0	250	50

■ FT-SE 100 INDEX OPTION (LIFFE) (*3050) £10 per full index point

	2900 C	2900 P	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P
Feb	180½	1	160½	1	59½	1	7½	14	1	56	1	105½	1	155½	1	205½
Mar	155½	11	113	19	75	31½	45½	51½	24	81½	11½	120	4½	165½	2	215½
Apr	168	28	130½	41	99½	59	70½	80	48½	108	31½	141	18½	178½	10½	220½
May	187	39½	151	53	121½	73	93	94½	71	122½	51	153	36	189	24½	228½
Jun†	198½	47			131½	80			82	129½			47	194		

Calls 11,035 Puts 9,186

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2875 C	2875 P	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P
Feb	169½	1	119½	1	70	1	23	3½	2	32½	1	81	1	131	1	181
Mar	175	6½	131½	12½	92	23	58	39½	33½	63½	16½	98½	7	136½	2½	182
Apr	185½	21½	147	32½	113	47½	83½	68	59½	93	40½	123½	28½	159	16½	198
Jun			181	55			119½	91			73	142½			40	207
Sept†			220½	77½			163½	113			114	160			78½	218½

Calls 6,241 Puts 9,020 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994/95 High	1994/95 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§10	F.P.	17.1	13¼	13	Bath Press	13		-	-	-	-
-	F.P.	26.9	55	51¼	Lazard Bits India	51¼	-2¼	-	-	-	-
-	F.P.	3.10	32½	29¾	Do Warrants	29¾	-2¼	-	-	-	-
35	F.P.	22.1	38	34	MCIT S Cap	34		-	-	-	-
35	P.P.	23.4	36	36	MCIT S Inc	36		-	-	-	-
100	F.P.	40.5	94	80	Matheson Lloyds	81		-	-	-	-
-	F.P.	18.0	130	90	Pentex Oil	90		-	-	-	-
-	F.P.	4.50	11¼	10½	Wessex Trust	11¼		-	-	-	-
-	F.P.	262.1	128	118	Woodchester Units	125		-	-	-	-

FT GOLD MINES INDEX

	Feb 15	% chg on day	Feb 14	Feb 13	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1706.46	+0.3	1701.33	1699.13	2099.84	2.24	2237.90	1637.91
■ Regional Indices								
Africa (16)	2700.28	+0.8	2679.09	2677.83	2593.02	5.09	3711.87	2304.45
Australasia (7)	1859.56	+0.2	1855.18	1893.78	2579.19	0.89	2951.49	1788.20
North America (11)	1391.51	+0.0	1391.18	1362.43	1755.17	0.81	1911.21	1348.18

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Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92.
Predecessor Gold Mines Index: Feb 16: 200.7 ; day's change: -2.8 Year ago: 219.1 † Partial.
Latest prices were unavailable for this edition.

FT - SE Actuaries Share Indices — The UK Series

	Feb 16	Day's chge%	Feb 15	Feb 14	Feb 13	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3051.1	-0.8	3074.9	3071.3	3081.1	3425.3	4.29	7.29	16.21	7.61	1167.76
FT-SE Mid 250	3438.7	-0.4	3453.2	3462.0	3445.3	4054.3	3.70	6.41	18.60	9.31	1299.06
FT-SE Mid 250 ex Inv Trusts	3450.5	-0.4	3463.5	3473.3	3454.1	4070.6	3.84	6.93	17.35	9.44	1301.74
FT-SE-A 350	1525.3	-0.7	1535.9	1535.4	1537.5	1731.9	4.16	7.09	16.70	3.88	1194.68
FT-SE-A 350 Higher Yield	1554.6	-0.7	1566.1	1565.4	1562.9	1738.7	5.16	7.56	15.82	5.79	1001.83
FT-SE-A 350 Lower Yield	1495.7	-0.7	1505.5	1505.2	1511.7	1683.4	3.13	6.62	17.70	2.01	987.22
FT-SE SmallCap	1715.84	-0.2	1719.71	1718.58	1720.25	2080.21	3.39	6.50	19.26	3.83	1344.13
FT-SE SmallCap ex Inv Trusts	1693.66	-0.2	1696.69	1695.60	1697.32	2057.33	3.59	7.30	17.38	4.01	1331.39
FT-SE-A ALL-SHARE	1508.39	-0.7	1518.36	1518.21	1519.85	1721.09	4.10	7.04	16.87	3.80	1201.47

■ FT-SE Actuaries All-Share

	Feb 16	Day's chge%	Feb 15	Feb 14	Feb 13	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	2648.21	-1.0	2675.51	2685.60	2699.43	2617.21	3.65	5.11	24.73	0.00	1069.13
12 Extractive Industries(7)	3384.51	-1.8	3446.72	3487.14	3488.72	3944.19	3.58	5.75	21.50	0.00	933.93
15 Oil, Integrated(3)	2666.80	-0.9	2691.72	2696.42	2711.37	2547.07	3.78	5.63	22.13	0.00	1101.26
16 Oil Exploration & Prod(14)	1912.63	-0.4	1919.98	1943.96	1966.82	1960.27	2.55	‡	‡‡	0.00	1106.62
20 GEN INDUSTRIALS(276)	1811.81	-0.4	1818.77	1820.95	1827.46	2205.56	4.32	6.01	19.80	1.77	932.85
21 Building & Construction(38)	936.55	-0.6	942.33	950.79	959.10	1560.22	4.15	6.76	19.25	0.81	740.11
22 Building Matls & Merchs(31)	1717.27	-1.0	1735.37	1746.84	1762.07	2348.84	4.46	6.47	18.68	0.20	817.39
23 Chemicals(23)	2195.67	+0.1	2194.04	2190.93	2202.96	2451.52	4.31	5.38	22.61	0.59	981.29
24 Diversified Industrials(17)	1796.66	-1.1	1816.73	1815.73	1807.56	2182.07	5.19	6.60	17.41	3.06	931.88
25 Electronic & Elect Equip(36)	1886.87	+0.3	1880.48	1875.95	1895.02	2228.62	4.02	6.79	17.47	2.01	933.37
26 Engineering(72)	1742.16	+0.3	1736.22	1738.12	1747.23	1982.72	3.47	5.64	20.83	2.87	1005.90
27 Engineering, Vehicles(13)	2107.45	-0.7	2122.48	2124.26	2123.07	2440.48	4.75	1.64	80.00†	0.16	1031.72
28 Paper, Pckg & Printing(27)	2713.19	+0.2	2707.21	2712.58	2724.57	3005.55	3.31	5.92	19.50	0.17	1074.20
29 Textiles & Apparel(21)	1459.40	-0.7	1469.18	1473.26	1480.20	1984.63	4.64	6.71	19.34	1.60	836.46
30 CONSUMER GOODS(95)	2843.29	-0.7	2862.70	2856.09	2857.86	2861.72	4.32	7.21	16.20	17.50	894.23
31 Breweries(18)	2145.68	-0.5	2157.28	2151.28	2147.84	2250.85	4.48	8.57	14.05	10.49	982.32
32 Spirits, Wines & Ciders(10)	2536.92	-1.2	2566.77	2582.96	2608.81	3136.13	4.49	7.76	15.24	26.30	866.21
33 Food Producers(24)	2356.15	——	2356.78	2356.69	2350.86	2535.67	4.19	7.47	15.89	14.23	1008.60
34 Household Goods(10)	2533.68	-0.6	2549.84	2553.97	2533.17	2884.44	3.51	6.60	18.24	0.45	918.01
36 Health Care(18)	1597.17	-0.6	1606.76	1618.65	1614.15	1870.07	3.13	3.47	39.90	0.58	933.07
37 Pharmaceuticals(13)	3504.18	-0.6	3524.64	3509.68	3479.58	3195.03	4.03	6.16	18.67	25.70	1132.31
38 Tobacco(2)	3689.06	-1.6	3748.80	3731.03	3794.24	4181.96	5.83	9.87	11.08	0.00	841.50
40 SERVICES(231)	1845.94	-0.5	1854.44	1857.90	1870.53	2155.99	3.42	7.40	16.34	4.73	917.21
41 Distributors(32)	2258.58	+0.2	2254.03	2248.47	2256.51	3186.33	4.14	13.76	8.79	1.53	789.72
42 Leisure & Hotels(29)	2093.72	-0.9	2111.73	2115.34	2116.11	2360.62	3.44	5.82	20.53	8.83	1042.62
43 Media(45)	2718.97	+0.3	2710.78	2723.66	2759.16	3349.11	2.69	5.69	19.91	1.99	947.41
44 Retailers, Food(16)	1769.65	——	1770.16	1769.28	1772.97	1657.09	3.72	9.06	13.53	2.54	1069.51
45 Retailers, General(45)	1514.49	-0.9	1527.97	1533.29	1552.61	1801.47	3.54	7.68	16.13	7.47	828.29
48 Support Services(38)	1467.41	-0.4	1473.87	1477.10	1484.52	1805.55	2.86	6.57	17.92	1.08	899.37
49 Transport(21)	2192.92	-1.0	2215.18	2211.96	2214.15	2716.81	3.89	6.93	17.06	3.32	867.47
51 Other Services & Business(7)	1203.32	-0.3	1206.93	1216.60	1217.29	1343.78	3.71	4.61	29.28	5.42	1046.70
60 UTILITIES(37)	2363.84	-1.0	2388.96	2393.84	2393.93	2644.31	4.59	7.66	16.10	6.85	931.37
62 Electricity(17)	2473.30	-0.4	2482.21	2509.53	2444.79	2526.29	4.10	10.22	11.67	19.89	1058.46
64 Gas Distribution(2)	2041.54	-0.4	2050.76	2044.61	2042.04	2289.23	5.87	‡	‡	0.00	968.86
66 Telecommunications(5)	1957.07	-1.3	1981.91	1979.59	1980.78	2327.91	4.18	6.98	17.74	0.13	849.42
68 Water(13)	1753.69	-2.1	1791.91	1798.73	1733.91	2004.71	5.71	13.68	7.98	4.62	894.23
69 NON-FINANCIALS(665)	1631.87	-0.6	1642.42	1644.21	1645.97	1832.65	4.08	6.79	17.66	4.60	1168.85
70 FINANCIALS(119)	2139.98	-0.7	2154.60	2141.42	2143.60	2624.68	4.60	9.49	12.22	2.42	854.99
71 Banks, Retail(9)	2604.76	-1.2	2636.84	2609.21	2614.56	3420.38	4.44	10.27	11.10	4.85	846.06
72 Banks, Merchant(6)	3092.39	-0.6	3111.22	3085.57	3076.07	3536.46	3.86	8.89	13.15	0.00	989.22
73 Insurance(27)	1202.45	-0.6	1209.48	1210.49	1204.59	1502.95	5.50	9.81	11.63	0.57	831.85
74 Life Assurance(6)	2367.63	+0.8	2348.89	2340.56	2343.18	2763.45	5.40	7.87	15.50	0.00	916.30
77 Other Financial(23)	1852.89	-0.1	1854.89	1851.13	1858.94	2199.34	4.02	8.04	14.71	2.11	1002.12
79 Property(46)	1368.73	-0.2	1371.53	1375.04	1381.27	1833.72	4.40	7.80	16.07	0.67	794.57
80 INVESTMENT TRUSTS(133)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
89 FT-SE-A ALL-SHARE(877)	1508.39	-0.7	1518.36	1518.21	1519.85	1721.09	4.10	7.04	16.87	3.80	1201.47
FT-SE-A Fledgling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A Fledgling ex Inv Trusts	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Mid 250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE-A 350	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrn	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pharmaceuticals	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Water	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Banks, Retail	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i†	1,300	356	-2
ASDA Group†	6,400	66½	+¼
Abbey National†	1,700	438	-2½
Albert Fisher	2,500	46	+1
Allied Domecq†	1,400	504	-2
Anglian Water	2,300	487	-8
Argos	35	347	-1
Argyll Group†	4,700	273½	-4½
Arjo Wiggins†	7,000	223	+2
Assoc. Brit. Foods†	298	600	-5
[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

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WORLD STOCK MARKETS

EUROPE

AUSTRIA (Feb 16 / Sch)

BELGIUM/LUXEMBOURG (Feb 16 / Frs.)

CZECH REP (Feb 14 / Koruna)

DENMARK (Feb 16 / Kr)

FINLAND (Feb 16 / Mkk)

FRANCE (Feb 16 / Frs.)

GERMANY (Feb 16 / Dm.)

GREECE (Feb 16 / Drachma)

ITALY (Feb 16 / Lire)

NETHERLANDS (Feb 16 / Fls.)

NORWAY (Feb 16 / Kroner)

POLAND (Feb 15 / Zloty)

PORTUGAL (Feb 16 / Escudo)

SPAIN (Feb 16 / Pts.)

SWEDEN (Feb 16 / Kronor)

SWITZERLAND (Feb 16 / Frs.)

TURKEY (Feb 16 / Tk Lira)

PACIFIC

JAPAN (Feb 16 / Yen)

HONG KONG (Feb 16 / H.K.$)

INDONESIA (Feb 16 / Rupiah)

MALAYSIA (Feb 16 / MYR)

NEW ZEALAND (Feb 16 / NZ $)

SINGAPORE (Feb 16 / S$)

AUSTRALIA (Feb 16 / Aust$)

SOUTH KOREA (Feb 16 / Won)

TAIWAN (Feb 16 / TW $)

THAILAND (Feb 16 / Baht)

AFRICA

SOUTH AFRICA (Feb 16 / Rand)

	+/-	High	Low	Yld	P/E
SA Brew 89.75	+.25	98.25	88	1.7	—
SAManAm 50	-1	57	46.50	1.3	—
SLife 33	—	38	33	2.3	—
SLife 33	—	39	33	2.3	—
SBrel 108xd	-2.60	118	93	4.2	—
St Hel 30.50	—	37.50	30.50	—	—
StandB 112	—	119	100	—	—
TigOat 48.25	—	50	45	1.5	—
TngHul 44.25	-.50	49.50	41.75	1.9	—
VReefs 263	-7	370	277	4.4	—
W Area 61.50	-1.50	71.75	48	6.0	—
W Deep 132.50xd	-1.00	163	120.50	3.8	—
Winkln 41	—	56	41	4.9	—

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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NORTH AMERICA

CANADA

TORONTO (Feb 16 / Can $)

4 pm close

Sales			+/-	High	Low
108205	Abitib	18½	-⅛	$19	18½
7589	AgnEag	13¾	-⅛	$13¾	13¾
41470	AirCda	7⅞	+⅛	$7⅞	d7⅞
56796	AlbtaE	18½	-¼	$18¾	18½
7115	AlbNG	14⅛	-1⅛	$15⅛	d14⅛
329487	AlcnAl x	35¼	+⅜	$35½	35
8900	AlcoCl	14½		$14½	14
155814	Avenor	29⅛	-⅛	$29	29⅛
10802	BCSugA	7⅞	-¼	$7⅞	d7⅞
20585	BC Tel	24⅛	+⅛	$24¼	24
279963	BCE	43⅛	-⅛	$43⅛	42⅞
6638	BCE Mb	45	+⅛	$46	45⅛
6750	BGR A	12¾	+⅛	$12¾	d12¾
1000	Brnswk	10		$10	10
721531	Bkthorn	26¾	-⅛	$27⅛	26⅛
833070	BkNovS	27	-⅛	$27⅛	26⅞
437340	BrckGd	30⅛	+⅛	$30⅛	30
70980	BonaEx	177	+12	177	168
3400	BombA	25⅛	-⅛	$25½	25⅛
206567	BmbdrB	25⅞	+⅛	$25⅞	25
256648	Bramlea	96		100	95
36200	BrscnA	18½	-⅛	$18⅝	18½
17041	Bmcor	24⅛	-⅛	$24⅛	24⅛
75778	CAE	7⅛		$7⅛	7⅛
407160	CmpbRs	85	-2	89	85
104200	CaraOp	299	-16	320	299
9100	CntFdA	6⅞	-⅛	$6⅞	6⅞

MONTREAL (Feb 16 / Can $)

4 pm close

INDICES

	Feb 16	Feb 15	Feb 14	1994/5 High		1994/5 Low	
Argentina							
General (29/12/77)	(u) 13015.00	13706.23	25479.49		16/2/94	13015.00	15/2/95
Australia							
All Ordinaries(1/1/80)	1860.2	1842.9	1834.8	2340.60	3/2/94	1823.39	8/2/95
All Mining(1/1/80)	821.1	814.1	805.5	1136.10	3/2/94	795.30	8/2/95
Austria							
Credit Aktien(30/12/84)	362.60	365.84	365.61	469.66	2/2/94	361.34	3/2/95
Traded Index(2/1/91)	976.71	985.47	986.94	1222.25	1/2/94	968.30	3/2/95
Belgium							
BEL20 (1/1/91)	1350.52	1358.55	1358.40	1542.85	9/2/94	1338.39	7/10/94
Brazil							
Bovespa (29/12/83)	(u) 30694.0	31922.0	55110.09		13/9/94	30600.98	3/1/94
Canada							
Metals Mins♦(1975)	(u) 3952.25	3978.01	4335.87		18/1/95	3289.88	20/4/94
Composite♦ (1975)	(u) 4125.20	4110.50	4809.99		23/3/94	3959.99	24/6/94
PortfolioSS (4/1/83)	(u) 2029.75	2023.64	2182.99		1/2/94	1969.48	28/6/94
Chile							
IPGA Gen (31/12/80)	(u) 5267.1	5303.4	5764.40		21/11/94	3901.20	4/4/94
Denmark							
CopenhagenSE(3/1/83)	355.16	355.46	356.66	418.79	2/2/94	335.68	20/12/94
Finland							
HEX General(28/12/90)	1822.6	1833.6	1834.6	1892.80	4/2/94	1601.10	3/1/94
France							
SBF 250 (31/12/90)	1216.19	1228.86	1225.89	1695.20	2/2/94	1178.82	23/1/95
CAC 40(31/12/87)	1835.00	1861.90	1856.09	2355.93	2/2/94	1772.84	23/1/95
Germany							
FAZ Aktien(31/12/58)	785.81	785.42	783.98	869.27	18/5/94	742.84	5/10/94
Commerzbank(1/12/53)	2269.00	2267.70	2264.20	2485.60	2/5/94	2118.30	5/10/94
DAX (30/12/87)‡	2115.72	2135.04	2133.24	2271.11	18/5/94	1980.59	7/10/94
Greece							
Athens SE(31/12/80)	835.34	845.48	845.37	1184.58	19/1/94	789.22	8/2/95
Hong Kong							
Hang Seng(31/7/64)	8133.34	8103.14	7862.67	12201.09	4/1/94	6967.93	23/1/95
India							
BSE Sens.(1979)	3409.69	3485.14	3515.99	4628.57	12/9/94	3409.69	16/2/95
Indonesia							
Jakarta Comp.(10/8/82)	455.50	458.45	454.10	612.89	5/1/94	432.96	25/1/95
Ireland							
ISEQ Overall(4/1/88)	1894.19	1890.21	1889.31	2092.16	20/1/94	1694.14	1/7/94
Italy							
Banca Comm Ital (1972)	658.05	672.97†	668.74	817.17	10/5/94	581.64	13/12/94
MIB General (2/1/95)	1041.0	1084.0	1057.0	1076.00	10/2/95	979.00	10/1/95
Japan							
Nikkei 225 (16/5/49)	17780.59	17891.00	18138.47	21552.81	13/6/94	17380.74	4/1/94
Nikkei 300 (1/10/82)	253.71	258.17	268.32	311.71	13/6/94	253.71	16/2/95
Japan							
Topix (4/1/68)	1384.17	1398.65	1409.37	1712.73	13/6/94	1384.17	16/2/95
2nd Section (4/1/68)	1805.98	1822.42	1843.49	2542.85	8/7/94	1805.98	16/2/95
Malaysia							
KLSE Comp.(4/4/86)	989.69	979.28	972.89	1314.46	5/1/94	940.97	24/1/95
Mexico							
IPC (Nov 1978)	(u) 1798.00	1921.06	2881.17		8/2/94	1798.00	16/2/95
Netherland							
CBS TRtnGen(End 83)	442.3	444.9	445.7	454.99	31/1/94	408.30	21/6/94
CBS All Shr (End 83)	277.5	279.1	279.6	294.88	31/1/94	257.90	21/6/94
New Zealand							
Cap. 40 (1/7/86)	1988.21	1967.97	1967.48	2439.64	3/2/94	1878.89	12/12/94
Norway							
Oslo SE(Ind)(2/1/83)	1120.78	1127.36	1136.68	1211.16	28/2/94	980.91	21/6/94
Philippines							
Manila Comp (2/1/85)	2633.06	2620.68	2660.51	3308.37	4/1/94	2374.88	24/1/95
Portugal							
BTA (1977)	2768.5	2773.1	2773.6	3226.60	18/2/94	2612.89	20/6/94
Singapore							
SES All-S'pore(2/4/75)	512.81	511.58	510.42	641.61	4/1/94	472.59	23/1/95
South Africa							
JSE Gold (28/9/78)	1583.0▼	1618.5	1603.0	2534.00	7/9/94	1495.20	30/1/95
JSE Ind. (28/9/78)	6310.9▼	6345.3	6341.8	6984.40	30/12/94	5446.00	18/1/94
South Korea							
KoreaCompEx(4/1/80)**	923.49	928.09	941.49	1138.75	8/11/94	855.37	2/4/94
Spain							
Madrid SE (30/12/85)	285.30	288.29	289.14	368.21	31/1/94	276.35	11/1/95
Sweden							
AffarsvarldsGen (1/2/37)	1544.5	1558.7	1563.8	1803.90	31/1/94	1334.78	6/7/94
Switzerland							
Swiss Bk Ind (31/12/58)	1249.32	1255.63	1257.80	1422.34	31/1/94	1139.72	27/10/94
SBC General (1/4/87)	920.57	925.11	927.22	1093.29	31/1/94	876.57	27/10/94
Taiwan							
WeightedPr.(30/6/66)**	6646.55	6576.25	6504.59	7181.13	1/11/94	5184.83	19/3/94
Thailand							
Bangkok SET (30/4/75)	1308.22	1286.43	(c)	1753.73	4/1/94	1181.28	23/1/95
Turkey							
Istanbul Comp.(Jan 1986)	27976.6	27703.6	27348.3	29146.10	2/12/94	12869.78	24/3/94
WORLD							
MS Capital Int (1/1/70)$	614.5*	615.6	614.3	649.99	2/11/94	591.60	1/11/94
CROSS-BORDER							
Eurotrack 100(26/10/90)	1329.52	1343.83	1345.14	1549.19	31/1/94	1266.46	5/10/94
Euro Top-100 (26/6/90)	1176.87	1190.07	1189.38	1311.01	2/2/94	1126.46	5/10/94
JCapalDrgns (31/12/88)	(u)	295.14	290.88	395.19	5/1/94	281.46	23/1/95
Barings Emerg.(7/1/92)	133.79	138.35	137.80	191.79	26/9/94	133.79	16/2/95

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
■ CAC-40							
Feb	1880.0	1843.0	-30.0	1882.0	1833.0	33,836	28,436
Mar	1887.5	1850.5	-30.0	1889.0	1842.5	685	23,404
■ DAX							
Mar	2154.0	2127.0	-14.5	2169.5	2118.0	26,769	N/A
Jun	2174.5	2147.0	-17.0	2178.5	2142.0	2,471	N/A
■ OMX							
Feb	1198.00	1190.00	-5.00	1198.00	1178.00	4,937	19,913
Mar	1202.00	1196.75	-8.25	1202.00	1186.05	2,374	8,206
■ SOFFEX							
Feb	2646.0	2617.0	-23.1	2646.0	2612.0	9,230	10,831
Mar	2654.0	2624.0	-23.0	2654.0	262210	4,822	9,598

** Sat Feb 11: Taiwan Weighted Price 6565.24; Korea Comp Ex 923.71. Base values of all indices are 100 except: Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. $$ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours Index: Feb 16 - 2112.08 -23.43.

US INDICES

Dow Jones	Feb 15	Feb 14	Feb 13	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Industrials	3986.17	3958.25	3954.21	3986.17 (15/2/95)	3593.35 (4/4/94)	3986.17 (15/2/95)	41.22 (2/7/32)
Home Bonds	95.81	95.58	95.45	105.61 (21/1/94)	93.58 (30/12/94)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1575.66	1559.59	1557.03	1862.29 (2/2/94)	1371.89 (13/12/94)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	193.84	192.92	192.58	227.88 (3/1/94)	173.94 (22/11/94)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 4019.15 (3984.83) Low 3937.79 (3930.66) (Theoretical♦)
Day's high 3997.95 (3965.85) Low 3953.20 (3940.50) (Actual♦)

Standard and Poors	Feb 15	Feb 14	Feb 13	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Composite ‡	484.54	482.55	481.65	484.54 (15/2/95)	438.92 (4/4/94)	484.54 (15/2/95)	4.40 (1/6/32)
Industrials▼	572.70	570.39	569.50	572.70 (15/2/95)	510.05 (21/4/94)	572.70 (15/2/95)	3.62 (21/6/32)
Financial	45.78	45.53	45.17	48.94 (14/6/94)	38.57 (22/11/94)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	263.18	262.13	261.85	267.71 (2/2/94)	243.14 (4/4/94)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	449.35	447.49	447.50	487.89 (2/2/94)	420.23 (13/12/94)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	795.83	790.62	789.40	803.93 (18/3/94)	693.79 (24/6/94)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Feb 10	Feb 3	Jan 27	Year ago
Dow Jones Ind. Div. Yield	2.72	2.73	2.79	2.58
	Feb 8	Feb 1	Jan 25	Year ago
S & P Ind. Div. yield	2.38	2.42	2.43	2.46
S & P Ind. P/E ratio	19.38	18.96	18.90	27.44

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Hanson Plc	10,378,800	18⅛	-⅛
Telefonos	9,579,500	25⅝	-2
Glaxo	6,614,500	20⅞	+⅛
Gen Motors	6,165,100	41⅞	+1
Sears Roe	4,730,300	47	—
EMC Corp	4,191,100	18⅛	-1
Ford Motor	4,144,600	28⅛	+⅛
Am Express	3,543,600	33⅞	⅜
Merck	3,271,800	40⅜	+⅛
RJR Nabisco	3,133,100	5⅝	-⅛

■ TRADING ACTIVITY

● Volume (million)

	Feb 15	Feb 14	Feb 13
New York SE	377.942	300.734	255.126
Amex	17.157	17.800	13.659
NASDAQ	380.072	324.308	273.753
NYSE			
Issues Traded	2,891	2,840	2,954
Rises	1,480	1,060	1,135
Falls	743	1,083	1,076
Unchanged	738	787	742
New Highs	98	61	72
New Lows	57	31	23

	Open	Latest	Change	High	Low	Est. vol.	Open int.
■ S&P 500							
Mar	486.75	486.80	-1.00	487.10	485.35	95,002	199,447
Jun	489.90	489.65	-1.15	490.40	489.60	2,826	16,902
■ Nikkei 225							
Mar	18010.0	17900.0	-120.0	18010.0	17800.0	35,855	127,046
Jun	18080.0	17930.0	-140.0	18080.0	17860.0	5,857	25,248

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. ⊕ Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ▼ Subject to official recalculation.

■ TOKYO - MOST ACTIVE STOCKS: Thursday, February 16, 1995.

	Stocks Traded	Closing Prices	Change on day
Sumitomo Const	18.4m	734	-46
Penta Ocean	10.5m	776	-38
Fudo Const	10.0m	1,100	-60
77 Bank	4.6m	950	-3
Aoki Corp	3.7m	580	-21
Nippon Steel	3.7m	330	-9
Sakai Ovex	3.5m	748	+3
Hitachi	3.2m	914	-18
Toshiba Corp	3.1m	805	-5
Mitsubishi Hvy	3.0m	602	-3

4 pm close February 16

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1995 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
14¼	13	AAR	0.48	3.6	24	16	13¾	13½	13½	-¼
22	19¼	ALPharmaA	0.18	0.8	50	408	u22¼	21⅞	22	
75¼	70½	AMP	1.84	2.5	21	1531	75	74⅛	74¾	+⅜
61⅝	53⅜	AMR			25	3117	58½	58⅜	58½	-⅜
46⅜	41⅞	ASA	1.71	3.9	28	1073	44¾	43⅛	43½	-⅞
36	30¾	AbbtL	0.84	2.4	18	8583	34¾	34¼	34⅝	
14	13	AbbtId Pr	0.50	3.8	12	874	13⅜	13¼	13¼	-⅛
24⅜	22¼	ABM Ind	0.60	2.7	13	274	22⅜	d22¼	22⅜	
16⅝	14½	Acptncin			12	319	u16⅝	16⅜	16½	+⅛
25⅞	21⅞	ACE Ltd	0.44	1.8	8	85	25⅜	25	25	-¼
9¾	9⅛	ACM Gvt In	1.09	11.5	8	280	9½	9⅜	9½	
7½	7⅛	ACM GvOpp	0.80	11.0		27	7¼	d7⅛	7¼	
7½	6¾	ACM Gvt Sp	0.86	13.5		703	7⅛	6⅞	7⅛	+¼
8⅝	8	ACM Gvt Sc	1.09	13.1		158	8½	8⅜	8⅜	-⅛
8½	7⅞	ACM Man	1.08	13.8		447	7¾	d7⅞	7¾	
7⅝	7¼	ACM Managd	0.72	9.9		902	7⅜	d7¼	7¼	-⅛
16⅛	10¼	AcmeCle	0.48	3.1	9	159	15¾	15½	15½	-¼
21½	12⅝	Acme Stect			21	242	19⅝	18½	18⅞	-⅞
34½	31⅜	Acordia	0.72	2.2	17	146	33⅞	33⅜	33⅝	-½
11⅞	8⅝	Actava	0.36	3.4	3	1192	10⅞	10¼	10⅝	-⅛
16¾	12⅞	Acuson			20	389	13¼	13	13	-⅛
16⅝	15⅝	Adams Expr x	0.36	2.2	0	207	16½	16¼	16⅜	-⅛
64½	53	Ad Micro	3.00	4.9		210	62	60¼	61⅛	+⅛
32¼	25	AdvMic	3.00	8.7	9	6458	31⅞	30⅜	31	+¼
6⅞	5	Advest Grp	0.16	2.6	31	20	6¼	6⅛	6⅛	

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4 pm close February 16

NYSE COMPOSITE PRICES

1995 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng. Prev. Close
Continued from previous page										
36 1/8	33 1/4	SFePPipe	2.80	7.7	9	110	u36 1/4	36	36 1/4	+1/8
21	17 1/8	SanFeP	0.10	0.5	20	5467	u21 1/8	20 3/4	21	+1/4
27 1/8	24 1/4	SaraLee	0.68	2.6	52	5598	26 1/4	25 3/4	25 7/8	-1/8
45 1/8	42	Scana Corp	2.88	6.5	13	240	44 1/2	44 1/8	44 1/4	
16 3/4	14 1/2	Scecrp	1.00	6.1	10	2713	16 1/2	16 3/8	16 1/2	
11 1/4	9 5/8	SchawkA	0.28	2.8	35	297	9 7/8	9 3/4	9 7/8	+1/8
46 1/4	42 1/8	SchoreRP			28	690	45 7/8	45	45	-3/4
79 1/8	71	ScerPl	2.04	2.6	15	4599	77	76 1/2	77	+3/8
55 3/4	50 1/8	Schlmb	1.20	2.2	24	7287	55 1/2	55	55 1/8	-1/8
44 3/4	33 1/8	Schwab(C)	0.36	0.8	19	1626	u45 1/4	43 5/8	44 3/4	+5/8
9	7 3/4	Schwitzer			8	585	u9 1/2	9	9 1/8	+3/8
22 3/8	17 1/2	SciAtl	0.06	0.3	26	1427	22	21 1/2	22	+1/2
18 1/8	16 7/8	Scotman	0.10	0.6	13	15	u18 1/8	18	18 1/8	
78 3/4	67 1/8	ScottP	0.80	1.0	21	1304	77 7/8	77 3/8	77 3/4	+1/4
30 1/8	26 7/8	Scripps	0.44	1.5	16	159	29 3/4	29 1/2	29 3/4	+1/2
21 1/2	15 7/8	ScuddrNAsF	0.02	0.1		258	17 1/8	16 1/8	16 5/8	-7/8
9 1/4	8 7/8	ScuddrNEuF	0.16	1.8		142	9 1/8	9	9 1/8	+1/8
14 7/8	13 5/8	SeaCnB	0.70	4.9	9	2	14 3/8	14 3/8	14 3/8	-1/8
15 1/2	15 1/8	SeaC1.4625	1.46	9.6		22	15 1/4	d15 1/8	15 1/4	-1/8
28	24	S'gate			7	3687	26 5/8	26 1/4	26 3/8	-1/8
30 5/8	28 1/8	Seagrm	0.60	2.0	14	1920	30 1/8	29 7/8	30 1/8	+1/8
19 3/4	15 1/4	Seagul En			172	734	15 7/8	15 1/2	15 1/2	-1/4
41 1/2	35 7/8	Sealed Air			22	257	u41 3/4	41	41 1/2	+5/8
49 7/8	44 1/8	SearsR	1.60	3.4	14	39094	47 7/8	46 5/8	47 1/4	+1/8
12	10 3/8	Seligm Sel x	0.84	7.1		179	11 7/8	11 3/4	11 7/8	+1/8
36 7/8	28 1/8	Sensormat	0.22	0.7	28	3117	30	29 5/8	29 7/8	+1/8
26	21 7/8	SequaA	0.60	2.4	9	35	25	24 1/2	24 5/8	+1/8
27	23	SequaB	0.50	1.9	13	26	26	26	26	

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NASDAQ NATIONAL MARKET

4 pm close February 16

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AMEX COMPOSITE PRICES

4 pm close February 16

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AMERICA

Mexico, Brazil sharply lower after Sidek default

MEXICAN stocks tumbled in early trading, hit by fears of a liquidity crisis at some Mexican companies after one of them, Sidek, a steel group, defaulted on a short-term loan on Wednesday.

The IPC index was down 49.51 or 2.7 per cent at 1,748.49.

Volume was low at 6.6m shares valued at 54.6m new pesos, with very few foreign investors active.

The US tried to calm worries by saying that "good progress" was being made in talks on the $20bn aid plan.

SAO PAULO dropped 6.8 per cent in nervous morning trade on mounting concern at the Mexican economic situation following news of Sidek's default. The Bovespa index was 2,093 weaker at 28,601 by early afternoon in low turnover of R$130.8m ($154.8m).

President Fernando Henrique Cardoso failed to lift investors' spirits at his first news conference since he came to office, called to outline the government's constitutional reform plan. Telebras preferred fell 7.7 per cent to R$22.70.

Profit-taking leads US stocks down

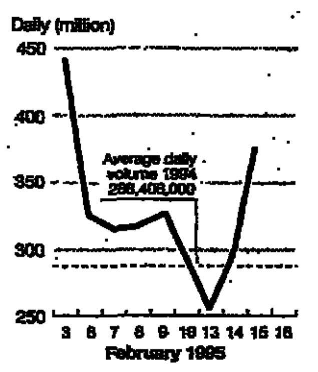
Wall Street

US shares proved unable to sustain Wednesday's record highs yesterday morning in spite of data giving further indications that the economy was slowing, *writes Lisa Bransten in New York.*

At 1 pm the Dow Jones Industrial Average was off 5.38 at 3,980.79, down from Wednesday's record close, but still above the previous high of 3,978.36 set on January 31 of last year. The Standard & Poor's 500 lost 0.55 at 483.99. The American SE composite declined 1.16 to 448.19 and the Nasdaq composite fell 3.58 to 792.05. Trading volume on the NYSE came to 202m shares.

Wednesday's market surged to record levels as economic news led many to bet that the Federal Reserve might not boost interest rates again.

NYSE volume



Analysts attributed yesterday's declines to profit-taking as new economic data was mostly weaker than expected. Housing starts dropped nearly 10 per cent in January and the number of people filing first time claims for unemployment benefits rose by 20,000.

And although the Federal Reserve Bank of Philadelphia's index of business activity edged up to 11.9 per cent for February from 10.4 per cent in January, there was a substantial decline in the important prices paid sub-index. Prices paid by manufacturers declined to 46.2 per cent from 55.0 per cent in January.

Shares in the three major long distance telephone companies were off sharply after AT&T sparked fears of a rate war by announcing that it would cut some consumer prices.

AT&T dropped $1⅛ to $50⅞, Sprint retreated $1 to $29¾ and MCI was off $1 at $19⅝.

Separately, LIN Broadcasting, of which AT&T owns 52 per cent, dropped $10 to $130 after reports late on Wednesday that the two companies had sharp differences over the value of the publicly traded portion of LIN.

Hewlett-Packard shares jumped $8¾ to $114⅛ after it announced earnings more than 30 per cent ahead of most analysts' expectations. The computer company announced first quarter earnings of $2.30 per share.

Other high technology issues were also higher yesterday and the Pacific Stock Exchange Technology Index was among the few indices to post a gain. In the early afternoon the index was up just over 0.4 per cent.

Among individual shares, Apple Computer climbed $1/16 at $43, Compaq Computer was up $⅛ at $37⅞ and Digital Equipment increased $⅝ at $36⅛.

Canada

Toronto was lower at midday as the Canadian currency weakened after Moody's said that it was worried about the medium-term deficit outlook and warned that it might downgrade the country's debt ratings.

The TSE-300 Composite index fell 13.34 to 4,111.90 in light volume of 22.9m shares, with investors said to be worried about the forthcoming federal budget.

Of the 14 sub-indices, nine posted losses by noon, led by banks, energy, utilities and merchandising.

Gaining groups were led by golds on firmer Comex gold bullion prices.

IPL Energy eased C$⅛ to C$28 after securities regulators rejected the group's bid for an earlier than normal takeover of Producers Pipelines.

S Africa extends early losses

Johannesburg extended early declines as buyers remained scarce and sellers gathered.

Gold shares, which struggled after a dip in the bullion price overnight, came under further pressure after sharply lower gold production figures were reported for January.

The overall index declined 44.9 to 5,146.1, industrials fell 34.4 to 6,310.9 and golds receded 36.5 to 1,583.

Anglos ended R3 lower at R188, De Beers was 50 cents softer at R83.75 and JCI lost R1.25 at R91.75. Lonrho picked up 10 cents to R9.60.

EUROPE

Banks mixed as currency weakness hits bourses

Currency weakness hit bourses but a mixed day for European banks saw Bancaire beat the CAC-40 downtrend, *writes Our Markets Staff.*

A catalogue of depressants, meanwhile, hit Bancaire's Italian counterparts. There was a mixed response to sector news and views in Lisbon and Copenhagen, and punishment for property losses at S-E-Banken in Sweden.

PARIS saw currency market turbulence spill over into equities as the franc weakened sharply against the D-Mark to touch a 15-month low. The CAC-40 index declined 26.90 or 1.4 per cent to 1,835.00, off a low of 1,825, in turnover estimated at FFr3.7bn.

Brokers also reported that worries had emerged about the outcome of the forthcoming presidential election, after an opinion poll showed that Mr Edouard Balladur's lead had been whittled away by the socialist candidate.

Bancaire, one of the few CAC stocks to move against the trend, put on FFr8.40 or 1.8 per cent at FFr486.80. Mr James Hyde, banking analyst at Williams de Broë in London, commented ahead of today's analysts' meeting that the results, above expectations, appeared to have been assisted by extraordinary fourth-quarter gains from the parent company, as well as its own capital market activities. In addition, he said, losses at its property development unit were not as bad as had been feared. Paribas slipped FFr4.10 to FFr322.

FRANKFURT took profits, with the Dax index falling 19.32 to 2,115.72. A weak dollar helped the Ibis indicated Dax close with a fall of 23.43 at 2,112.06 after a low of 2,107.00. Turnover rose from DM7.7bn to DM9.2bn.

Talk of a metal industry strike weakened carmakers and engineers, Volkswagen losing DM8.60 at DM410.40 and Thyssen DM6.20 at DM297.80. Hoechst shed DM6 to DM330 after reports that it planned to pay DM3bn or more for a 51 per cent stake in the US Dow Chemical unit, Marion Merrell Dow, within the next month.

RWE, the utility group, rose against the trend, closing DM2 higher at DM462.50 after Wednesday's half-year profits growth. SAP, the computer software group, rose another DM31 to DM1,403 on analytical appreciation of its prospects.

MILAN fell 2.2 per cent as budget worries drove the lira to fresh record lows against the D-Mark and subsequent Bank of Italy intervention to support the currency provoked concern that it might also decide to raise interest rates. The Comit index fell 14.92 to 658.05, while the real-time Mibtel index finished 226 down at 10,476.

Banks were unsettled further by worries that the mini budget might include a one-off tax on their reserves. Credito Italiano declined L24 to L1,848 and BCI dropped L78 to L3,805. Among insurers, which might also be affected, Generali lost L813 at L38,668 and Alleanza L305 at L17,251.

Telecom Italia fell L119 to L4,427, and Stet L113 to L4,966 as Iri, the state holding company, approved procedures for choosing banks and investment houses to co-ordinate the sale of its 61.3 per cent stake.

ZURICH retreated on the dollar and fears of a setback on Wall Street. The SMI index shed 15.0 to 2,621.0.

SMH bearers turned back, losing SFr21 or 3.1 per cent to SFr664 in response to the watchmaker's announcement late on Wednesday of a 29.5 per cent slide in consolidated net income last year, its first profits decline in a decade, and plans to cut the 1994 dividend. The shares had risen by 15.7 per cent from their 12-month low in December, collecting a number of analysts' recommendations on the way.

Georg Fischer gained SFr40 at SFr1,445 after the company revised upwards its profits forecast for 1994.

AMSTERDAM saw the AEX index lose 3.18 to 410.09.

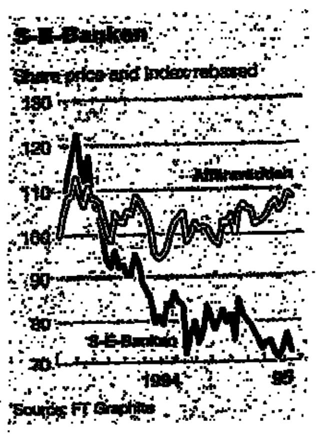
FT-SE Actuaries Share Indices

Feb 16 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1343.72	1342.18	1341.75	1338.06	1331.36	1332.31	1330.88	1329.52
FT-SE Eurotrack 200	1395.15	1393.95	1393.46	1388.97	1384.02	1385.11	1385.46	1383.58

	Feb 15	Feb 14	Feb 13	Feb 10	Feb 9
FT-SE Eurotrack 100	1343.63	1345.14	1342.94	1348.30	1347.04
FT-SE Eurotrack 200	1394.10	1394.51	1398.45	1406.41	1403.33

Base 1000 (26/10/90); High/day: 100 – 1343.72; 200 – 1395.15 Low/day: 100 – 1329.35 200 – 1382.96 † Partial



Polygram was sold on worries about next week's results, especially on profitability in its film division, and the shares weakened 90 cents to FFr84.

NedLloyd, threatened by strike action following the company's plans to cut jobs at CTA, in which it holds a 66 per cent stake, fell 40 cents to Fl 51.60. Internatio-Mueller, which holds the remaining CTA stake, was off Fl 50 cents at Fl 122.60.

STOCKHOLM dropped S-E-Banken by SKr2.20 to SKr41.60 on a massive property write-down. But even Ericsson B dropped SKr7.50 to SKr438 as the Affärsvärlden General index closed 14.20 lower at 1,544.50.

COPENHAGEN featured a DKr11 or 5 per cent gain at DKr226 for Girobank on a net loss of DKr560m, slightly better than analysts had expected. But analysts' forecasts of losses at Bikuben, Denmark's third biggest bank which reports next Monday, left the latter down DKr4 at DKr180 as the KFX index eased 0.18 to 95.36.

LISBON's banks of the day were Banco Portugues de Investimento (BPI), with a 1 per cent fall in profits and a share price up Es28 at Es2,560; and Banco Espirito Santo e Commercial de Lisboa (BESCL), down Es112 or 4.2 per cent at Es2,548 on a 13 per cent net profits fall. The BTA index, continuing its gentle slide, lost 6.6 to 2,766.5.

TEL AVIV shed 3.1 per cent on disappointing inflation indications, the Mishtanim index falling 5.27 to 164.24 on analysis of January's consumer price index constituents.

Written and edited by William Cochrane, John Pitt and Michael Morgan

ASIA PACIFIC

Nikkei average returns to its post-earthquake lows

Tokyo

Selling of high-technology stocks brought the Nikkei 225 average near to this year's post-earthquake lows on an intraday basis, and pushed it down to its lowest close since January 1994, *writes Emiko Terazono in Tokyo.*

The index lost 210.41 or 1.2 per cent at 17,780.59 , having fluctuated between 17,742.37 and 17,970.69. First section volume came to 280m shares, against 269m. Banks were among small-lot buyers in the afternoon, while margin traders unwound long positions due to margin calls.

The Topix index of all first section stocks slipped 12.48 to 1,384.17 and the Nikkei 300 shed 2.46 to 253.71. Falls led rises by 752 to 198, with 192 issues unchanged. In London the ISE/Nikkei 50 index lost 2.10 at 1,124.45.

Concern over long arbitrage positions depressed investor confidence. After the market had closed the Tokyo stock exchange announced that long margin positions against stock index futures totalled 1.4bn shares, as of Tuesday, for the first time in eight months.

Some traders were concerned that there had been little progress in rollovers of positions from March futures contracts to June contracts, raising the possibility that arbitrage unwinding could hit cash shares ahead of the March 10 settlement date.

High-technology issues were sold by overseas investors: Sony fell Y190 to Y4,380 and Kyocera Y90 to Y4,380. In the heavy electricals sector, Hitachi declined Y18 to Y814 and Toshiba Y5 to Y605.

Individuals sold construction stocks: Sumitomo Construction, the day's most active issue, dropped Y46 to Y734 and Penta-Ocean Construction Y38 to Y776. On the other hand, private investors dabbled in speculative favourites, pushing Sakai Ovex, the synthetic fibre maker, up Y3 to Y746 and Yamanouchi Pharmaceutical ahead Y10 to Y2,040.

Corporate selling depressed Nippon Steel, Y9 cheaper at Y330, and Mitsubishi Heavy Industries, Y3 easier at Y602.

Privatisation stocks were also weaker, with Nippon Telegraph and Telephone down Y13,000 to Y695,000, falling below Y700,000 for the first time since December 1993. Telecommunications issues on the second section were also hit, DDI dipping Y4,000 to Y680,000 and Japan Telecom Y50,000 to Y2.22m.

In Osaka, the OSE average shed 195.84 to 19,470.05 in volume of 169.8m shares. The index fell for the third consecutive day, led by the weakness in high-technology stocks. Murata receded Y180 to Y2,860 and Rohm Y180 to Y3,060.

Roundup

Wall Street's record overnight close provided an early incentive for the region's markets, but profit-taking featured later in the session.

HONG KONG continued to build on Wednesday's 3.1 per cent rebound during morning trading, adding 2.9 per cent, before rampant profit-taking pulled prices back and left the Hang Seng index only 30.20 up on the day at 8,133.39. In subsequent London trading the indicative index fell 67 to 8,066.

Turnover was a preliminary HK$5.9bn, compared with Wednesday's HK$3.2bn.

Property shares, which led the early rises on foreign fund buying, retreated in the afternoon. The property sub-index ended 11.26 points down at 13,702.60, having gained 3 per cent at one stage.

The H-share index of mainland China stocks traded in Hong Kong dipped 11.60 or 1.1 per cent to 1,048.52.

SHANGHAI's hard currency B share index was higher, but ended off the day's best level as the market tracked developments in Hong Kong. Investors, however, remained hopeful of a positive outcome to the Sino-US trade talks. The B index rose 0.392 to 57.593 in increased volume of 16.9m shares.

KUALA LUMPUR pulled back from its highs as profit-taking dominated afternoon trading, following the pattern set in Hong Kong.

The composite index still closed 10.71 or 1.1 per cent up at 989.99, after reaching 1,000.28, as expectations of an early general election continued to boost retail interest. Volume swelled to 418m shares from Wednesday's 244m.

Multi-Purpose Holdings led activity, finishing 24 cents lower at M$4.68 after trading at a high of M$5.10, with interest still stirred by takeover talk.

BANGKOK rose on institutional buying, the SET index putting on 21.79 at 1,308.22 in turnover of Bt7.3bn.

Safari World, which made its market debut, attracted strong attention, rising Bt8 or 14.7 per cent to Bt54 from its IPO price of Bt46. It was the session's most active stock, accounting for about 11 per cent of the market turnover, with some 15.9m shares worth Bt798m changing hands.

Telecommunications stocks were also favoured, the sector index adding 3.4 per cent in turnover of Bt1.5bn. TelecomAsia led the gains, rising Bt3.50 to Bt88.50.

TAIPEI paid attention to stocks in the electronics sector, while the weighted index firmed 70.30 or 1.2 per cent to 6,646.55. Turnover was an active T$77.4bn.

Among electronics, Elitegroup jumped by the daily 7 per cent limit to T$53.

The financial sector attracted buying, with the new listing China Life ending limit-up at T$103.50.

SYDNEY was encouraged by a rally on the local bond market, and the All Ordinaries index was up 17.3 to 1,860.2, after touching 1,865.3, in turnover of A$564m.

Fairfax was heavily traded, adding 10 cents at A$2.80 in volume of 7.4m shares following recent takeover speculation. In the same sector, News Corp firmed 10 cents to A$5.65.

WELLINGTON's NZSE-40 index moved up 20.24 to 1,988.21 in volume of NZ$56m.

Brokers took a second look at Telecom after Wednesday's third-quarter results and the shares improved 4 cents to NZ$5.45. Natural Gas Corp rose 5 cents to NZ$2.05 on posting a first-half profit of NZ$12.8m.

SINGAPORE saw heavy dealings in Malaysian stocks traded over the counter and the Straits Times Industrial index rose 25.38 or 1.2 per cent to 2,133.07 in volume of 408m shares, the highest since last August.

SEOUL was lower for a third straight day due to lingering worries over a continuing liquidity squeeze. The composite index lost 2.60 at 923.49, having rallied from a day's low of 911.27 on bargain hunting among bank shares, increasingly viewed as undervalued.

KARACHI was boosted by a good set of corporate results, lifting the KSE 100-share index 15.99 to 1,864.97.

ICI Pakistan, among those issuing year-end figures, climbed Rp6.50 to Rp226.50.

BOMBAY fell 2.15 per cent on sustained selling by mutual funds and speculators in reaction to moves by the banks to lift their prime lending rates from 14 per cent to 15 per cent earlier in the week. The BSE-30 index shed 74.98 to 3,410.16, further pressured by some speculators being forced to mobilise funds to square up their transactions in group B shares yesterday, the last day of the current account period.

Reliance Industries, with a 12.8 per cent weighting in the index, slid Rs8.75 to Rs256.25, with Morgan Stanley believed to have been a heavy seller.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY FEBRUARY 15 1995								TUESDAY FEBRUARY 14 1995					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (68)	160.26	1.0	151.97	99.69	125.68	142.77	0.6	4.04	158.71	151.16	99.00	124.90	141.86	181.43	157.95	176.87
Austria (16)	173.46	0.8	164.48	107.90	136.03	135.98	0.2	1.19	172.06	163.87	107.32	135.40	135.69	199.89	167.46	186.55
Belgium (35)	171.35	0.5	162.48	106.59	134.37	131.21	0.2	4.21	170.57	162.45	106.39	134.23	130.94	177.04	161.59	167.12
Brazil (28)	121.88	–2.8	115.58	75.81	95.58	187.56	–2.7	1.44	125.43	119.46	78.24	98.71	192.79	–	–	–
Canada (103)	128.40	0.0	119.88	78.63	99.13	128.46	0.2	2.72	128.36	120.35	78.82	99.44	128.23	141.01	120.54	134.69
Denmark (33)	258.95	–0.3	245.55	161.07	203.07	208.17	–0.6	1.51	259.68	247.32	161.98	204.35	210.45	275.27	236.61	267.18
Finland (24)	190.34	0.2	180.49	118.40	149.26	185.62	0.1	0.79	189.86	180.85	118.44	149.43	186.43	201.41	133.88	149.05
France (101)	165.82	0.5	157.24	103.15	130.04	136.15	0.3	3.16	164.94	157.09	102.89	129.80	135.77	181.44	157.79	178.24
Germany (58)	148.08	0.5	140.42	92.11	116.12	116.12	0.1	1.80	147.36	140.34	91.92	115.96	115.96	150.40	128.94	132.56
Hong Kong (56)	329.02	3.4	312.00	204.66	258.03	326.57	3.4	3.85	318.35	303.21	198.58	250.53	315.97	447.19	277.40	447.19
Ireland (16)	211.85	0.5	200.89	131.78	166.13	192.02	0.2	3.38	210.84	200.81	131.52	165.93	191.59	216.60	177.56	192.45
Italy (58)	81.02	–0.2	76.83	50.40	63.54	97.18	–0.3	1.60	81.16	77.30	50.63	63.87	97.43	97.78	67.25	76.30
Japan (484)	142.20	–0.6	134.85	88.45	111.52	88.45	–0.9	0.86	143.07	136.27	89.24	112.59	89.24	170.10	139.45	151.50
Malaysia (97)	489.50	1.6	464.17	304.48	383.87	480.97	1.6	1.75	481.99	459.06	300.65	379.31	473.65	594.76	396.16	496.01
Mexico (18)	920.32	–9.2	872.70	572.47	721.71	6882.04	–6.0	1.82	1013.41	965.18	632.13	797.51	6365.64	2578.14	920.32	2578.14
Netherland (19)	223.07	0.1	211.53	138.76	174.93	172.08	–0.2	3.36	222.79	212.19	138.97	175.33	172.42	223.30	191.28	204.20
New Zealand (14)	72.73	0.5	68.97	45.24	57.04	60.84	0.1	4.81	72.36	68.91	45.13	56.94	60.78	77.20	62.05	72.89
Norway (23)	213.07	–0.5	202.05	132.54	167.09	191.15	–1.0	1.88	214.11	203.92	133.56	168.50	193.00	216.03	177.53	196.62
Singapore (44)	350.03	1.1	331.92	217.73	274.50	234.63	1.1	1.83	346.21	329.74	215.96	272.46	232.01	401.38	294.66	347.20
South Africa (59)	303.62	0.2	287.91	188.86	238.09	261.13	0.2	2.58	303.03	288.61	189.02	238.47	260.63	342.00	205.65	242.20
Spain (36)	135.73	–0.1	128.71	84.43	106.44	133.47	–0.3	4.26	135.84	129.37	84.73	106.90	133.83	150.62	124.87	150.17
Sweden (48)	247.40	0.0	234.60	153.89	194.01	269.68	–0.2	1.54	247.32	235.55	154.27	194.63	270.27	247.40	196.70	215.79
Switzerland (47)	169.52	0.2	160.74	105.44	132.93	133.93	–0.2	1.82	169.22	161.17	105.56	133.17	134.18	169.52	149.91	166.48
Thailand (46)	150.41	0.8	142.63	93.56	117.96	145.94	0.7	2.89	149.21	142.11	93.07	117.42	145.00	–	–	–
United Kingdom (204)	194.85	0.5	184.87	121.27	152.89	184.87	0.1	4.22	193.99	184.76	121.01	152.66	184.76	206.93	181.11	204.96
USA (513)	198.51	0.5	188.24	123.48	155.67	198.51	0.5	2.83	197.55	188.15	123.23	155.46	197.65	198.51	178.95	192.11
Americas (862)	181.80	0.3	172.40	113.09	142.57	152.50	0.4	2.80	181.20	172.58	113.03	142.59	151.94	–	–	–
Europe (720)	172.35	0.3	163.43	107.21	135.16	151.60	0.0	3.09	171.76	163.59	107.14	135.17	151.59	176.01	160.59	171.95
Nordic (126)	235.62	0.0	223.43	146.56	184.77	217.76	–0.3	1.44	235.72	224.50	147.03	185.50	218.43	235.72	197.70	210.10
Pacific Basin (809)	150.70	–0.2	142.90	93.74	118.18	97.89	–0.5	1.24	151.03	143.84	94.21	118.85	98.46	176.86	145.93	162.81
Euro-Pacific (1529)	158.83	0.0	151.37	99.29	125.18	118.50	–0.3	2.07	159.57	151.99	99.54	125.58	118.90	175.14	154.73	168.46
North America (616)	194.04	0.5	184.00	120.70	152.17	193.76	0.5	2.83	193.14	183.95	120.48	152.00	192.86	194.04	175.67	188.55
Europe Ex. UK (516)	156.09	0.3	148.02	97.09	122.41	131.65	0.0	2.46	155.69	148.26	97.11	122.52	131.68	158.12	144.12	150.90
Pacific Ex. Japan (325)	233.58	1.9	221.49	145.29	183.17	206.66	1.8	3.25	229.29	218.38	143.03	180.45	202.99	273.84	211.19	271.93
World Ex. US (1737)	159.89	0.0	151.62	99.46	125.38	121.52	–0.3	2.09	159.95	152.34	99.77	125.87	121.88	176.65	155.42	168.03
World Ex. UK (2046)	169.20	0.1	160.45	105.25	132.69	140.44	0.0	2.17	169.00	160.96	105.42	133.00	140.46	178.59	163.48	172.14
World Ex. Japan (1766)	188.64	0.4	178.86	117.34	147.93	178.84	0.3	2.94	187.80	178.86	117.15	147.79	178.25	192.00	176.34	189.32
The World Index (2250)	171.47	0.1	162.60	106.66	134.46	144.42	0.0	2.37	171.21	163.06	106.79	134.73	144.43	180.80	165.92	176.01

Latest prices were unavailable for this edition.